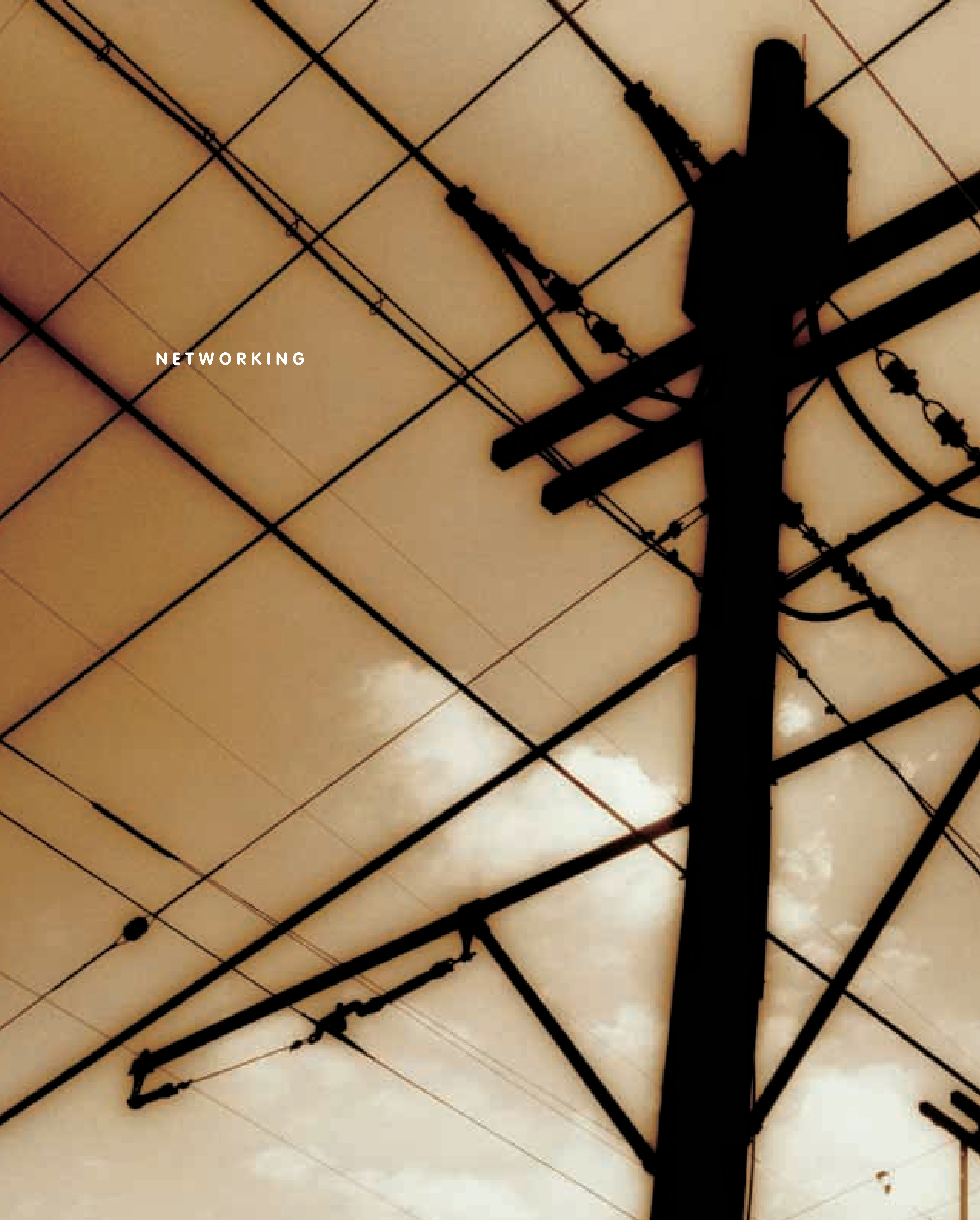
NETWORKING

OVERVIEW AND PROSPECTS The Group has turned in an outstanding performance for the year ended 31 March 2005 and is firmly back onto the path of profit growth.

The Group reported a profit attributable to shareholders of HK$61.2 million, including a non-recurring exchange gain of HK$2.0 million, approximately double last year's profit. Group turnover totaled HK$633.1 million, a 16.4% year-on-year increase, reflecting growth in same-store sales as well as full-year contributions from the Hugo Boss stores opened in the previous financial year. There were impressive improvements in gross margins and full-margin turnover. Basic earnings per share were 3.8 cents (2004: 1.9 cents). These results are all the more notable following on the Group's strong post-SARS rebound in 2003/04.

Hong Kong operations are the main drivers of turnover and profit growth, and they will continue to be for the foreseeable future, even as the Group's Taiwan and mainland China businesses expand. Although the luxury sector continues to rush to the emerging mainland market, Hong Kong has taken on a new luster as Asia's reigning fashion and lifestyle capital – and Joyce Ma, who earlier this year received one of France's highest honors, the Chevalier dans l'Ordre national de la Légion d'Honneur, for her contributions to the fashion industry, continues to reign as the region's leading tastemaker.

The resurgence of confidence in Hong Kong's future is not a passing phenomenon but, an indicator of a sizeable, fundamental improvement in the SAR's economic health and its long-term economic prospects. GDP growth forecasts are being adjusted upwards. Employment levels are up, salaries are increasing after years of cuts or freezes, and property values are rising. The second phase of the Closer Economic Partnership Arrangement, or CEPA II, announced in the summer of 2004, further links together the trading fortunes of Hong Kong and the mainland.

Hong Kong's tourist arrivals increased significantly in 2004 and the outlook is bright, with an ongoing change in travel policy that is allowing residents of numerous mainland cities to visit Hong Kong on an individual rather than group tour basis.

The Group is keenly aware that luxury brands, continuing to invest heavily in Hong Kong, have been flocking to mainland China, as well, in particular to Shanghai, and for sound reasons. Estimates of the China market's size and potential are still optimistic. Mainland urban disposable incomes and fashion-awareness are evidently growing by leaps and bounds. We are actively considering strategies to grow the business outside of as well as in Hong Kong, through equity participation or the sub-franchising retail model on the mainland, and by building out retail networks for major brands in China. We are considering a multi-label Joyce flagship operation on the mainland, and are analysing suitable prime locations.

We have never been more confident about our prospects or in a stronger position to deliver growth. Last December, at a conference convened in Hong Kong by the International Herald Tribune entitled "Luxury 2004 – The Lure of Asia", we spoke before an audience of the industry's global leaders. We would like to share with our shareholders this excerpt from those well-received remarks:

"Going into our 35th year of discovering and selling cutting-edge fashion and lifestyle products, we continue to occupy our own special niche in Greater China's luxury retail landscape. We began in the 1970's as the region's incubator for many of today's most powerful global luxury brands. Over the succeeding decades, by staying true to our roots as a multi-label niche retailer, we've become an established international brand in our own right. We've also managed to hold on to our key business advantages: flexibility, operations built on a human scale, and a fiery passion for the lifestyle and luxury goods business that is passed down to and shared by every employee."

"Contrary to the conventional 'Darwinian' wisdom, the successful niche retailers have managed to survive and very successfully evolve not so much by adapting as by leading. For decades, customers have consistently turned to Joyce for threads of continuity in a world of short-lived fashion and lifestyle trends. While we steadily build luxury brands season by season, we constantly seek out successive generations of winners. We enjoy the luxury of carrying small stocks of fledgling designers whose products would not otherwise reach customers hungry, sometimes starved, for real innovation and individuality."

"Joyce provides the customer with the ultimate luxury: guidance. We serve as interpreters of the language of luxury, a language that is still foreign to many in this region. We offer a hard-earned wisdom, reflecting decades of brand cultivation, retail operating experience and close relationships with our fashion principals. We teach the customer to differentiate between fashion and what's merely fashionable."


DETERMINATION

HONG KONG In April 2004, completing a strategic upgrade and expansion program for the Hugo Boss brand begun in the second half of 2003/04, a fourth flagship Hugo Boss store, 4,800 square feet in size, was opened on Queen's Road Central, bringing the total selling area for this successful franchise to 24,000 square feet.

In August, the Dries Van Noten shop at The Landmark in Central was renovated and expanded to 3,000 square feet, and Hong Kong's first Anna Sui boutique was opened at Times Square in Causeway Bay.

In March 2005, the Group opened the first flagship store for Marni, the eclectic, elegant Milan-based brand at The Landmark.

The Group acquired the exclusive franchise rights for Etro as of the Fall/Winter 2004 season, and in April 2005 expanded the Etro boutique at the Lee Gardens shopping center in Causeway Bay into a 2,300 square-foot flagship store, doubling the previous shop's size. The Lee Gardens shop carries a full range of menswear, womenswear, accessories and fragrances.

In November 2004, the Group opened a number of designer corners, totaling 4,700 square feet, at the new Lane Crawford store in the International Finance Centre (IFC 2) complex on Hong Kong's Central waterfront. The corners provide additional exposure to a wider customer base for selected brands exclusive to Joyce in Hong Kong, including Comme des Garcons, Costume National, Dries Van Noten, Etro, Marni, Martin Margiela, Emilio Pucci and Junya Watanabe. In the same month, the Group also opened a "DxD" boutique at Harbour City in Kowloon. The multi-label boutique emphasizes the D Squared brand.

A Joyce Beauty corner was also opened at Lane Crawford IFC in November 2004. Joyce Beauty is exploring various options to spur its business development, including freestanding shops for key exclusive brands such as Chantecaille.

MARKETING The Group's sterling performance both in Spring/Summer and Fall/Winter 2004 was in large part due to its effective and innovative marketing activities. Events were held during the year in support of numerous brands including Alexander McQueen, Anna Sui, Balenciaga, Dries Van Noten, D Squared, Emilio Pucci, John Galliano, Marni, Maurizio Pecoraro and Y3. During the year, the Group organized several large-scale events including a Joyce-HSBC Mega Show and a Dries Van Noten show at the Hong Kong Convention and Exhibition Centre, and a "Denim Day" at Joyce Pacific Place, among others.

EXPANSION PLANS We have mentioned that exciting plans lie ahead. The Group will undertake a major expansion of its Central retail portfolio in the coming two financial years in order to fulfill demand and maximize sales for a growing number of strong-performing brands, the majority of which are exclusive to Joyce.

For the Fall/Winter 2005 season, the Group will open two new stores in the Entertainment Building in Central – a 2,700 square-foot boutique for Jil Sander and a 1,700 square-foot boutique for Balenciaga, the first in Hong Kong. The Joyce Central store will also undergo a complete renovation overhaul. Several new shops are planned to be opened in the coming 12 months for Jil Sander, Etro, Anna Sui and Y's in Harbour City, Kowloon.

THE COMPETITION The Group's return to steady turnover and profit growth and its expansion plans coincide with the prospect of increased competition from major new retail operations coming on stream.

Our own confidence of continued success in a more competitive environment is matched by the clearest possible expression of confidence in Joyce by its designer vendors: the Group has secured exclusive representation in Hong Kong of all of its important brands, and these exclusive partnerships represent a significant portion of the Group's current turnover in Hong Kong. Joyce's designer-fashion portfolio dominates the field; it is and will remain unmatched.

For 2005/06 we can expect an encouraging rate of growth as we head into the exciting new cycle of store expansions and openings described above.

TAIWAN The past year saw us continue with our strategic rollout of new stores for key designers.

In October 2004, the Group opened an 800 square-foot shop for Marni and an 800 square-foot shop for Dries Van Noten at the Breeze Center in Taipei.

In May 2005, a 500 square-foot shop was opened for Comme des Garcons at the Han Shin department store in Kaohsiung.

The Group continues to build out the valuable exclusive Marc Jacobs franchise across Taiwan. In May 2005, a 300 square-foot Marc Jacobs Accessories corner was opened at the Mitsukoshi department store in Taichung, and in September 2005 another Marc Jacobs Accessories corner will open at the new A4 Mitsukoshi in Taipei's prime Shin Yi district.

As a result of the closure of the multi-label Joyce store at Taipei Metro Mall in May 2004, turnover was reduced by 37% in the year under review. Through improved performance of mono-brand stores and tighter control of overheads, the Taiwan business managed to reduce its loss compared with the previous year. Taiwan's economy is experiencing slower growth, with government GDP forecasts for 2005 having been adjusted downwards after lower-than-expected results in the first quarter. With recently announced measures to stimulate home ownership, attract tourism, create jobs and attract investment, the Group believes that an improved business environment will stimulate growth in the specialty retail sector.

MAINLAND CHINA The Group continued to open new shops for its international principals in accordance with its sub-franchising distribution model and during the year, nine shops were added to the mainland portfolio, bringing the total number to eleven.

In April 2004, a Versace shop and a Versus shop were opened in Chengdu and likewise in Xian. In September 2004, a Versace shop was opened in Chongqing, and in November 2004 a Versace shop was opened in Kunming and a Versus shop was opened in Chongqing.

In September 2004, the first Etro boutique on the mainland was opened in Shanghai, followed by the opening of a second boutique, in Beijing, in January 2005.

OPERATING COSTS During the year under review, the ratio of premises and staff costs to turnover improved by 2.4 percentage points (to 18%) and 1.0 percentage point (to 13.9%) respectively. The improvement was mainly due to favorable rentals for leases secured in 2003/04 and higher staff productivity.

FINANCIAL RESOURCES The Group's net cash position is HK$293.6 million (2004: HK$261.5 million). The strengthened cash position is mainly derived from encouraging operating results.

FINAL DIVIDEND In view of the Group's solid financial situation and the past year's significantly improved performance, the Board recommends the payment of a final dividend of 2.0 cents per share for the fiscal year.

On behalf of the Board, we wish to express our gratitude to the Group's employees, partners and other stakeholders for their inestimable contributions in a truly outstanding year. As we prepare to celebrate 35 years of leadership and excellence, we look forward to sharing an even more exciting future in a region and industry whose best years are yet to come.

Walter K. W. Ma
Chairman

30 June 2005

Adrienne M. Ma
Managing Director

30 June 2005