JOYCE

JOYCE BOUTIQUE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 647

Interim Results Announcement
for the half-year period ended 30 September 2007

GROUP RESULTS

The unaudited Group profit attributable to Shareholders for the six months ended 30 September 2007 amounted to HK$13.0 million, as compared with the profit of HK$18.2 million for the corresponding period last year. Earnings per share were 0.8 cents (2006: 1.1 cents).

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 September 2007 (2006: Nil).

MANAGEMENT

The management team will report and work through the existing Executive Committee as before. The Executive Committee of the Board was established in 2000. Ms. Bonnie Brooks has been the Chairman of the Executive Committee since 2004. She will continue to oversee the business affairs of the Group with Mr. Horace Lee, the Chief Operating Officer.

With the disciplined implementation of the Group's business plan for the year and close monitoring on the progress of the startup business in China, the Group and its dedicated team will continue to attract new brands into the portfolio, and optimize the current business potential.

SIGNIFICANT RECENT DEVELOPMENTS

On 13 November 2007, the Board received verbal notice from Allied Wisdom International Limited ("**Allied Wisdom**"), the Company's controlling shareholder, that it intends to present a proposal to the Shareholders for the privatisation of the Company ("**Proposal**"). As a result of such notice, trading in the shares of the Company was suspended from 9:30 a.m. on 14 November 2007. Since then, Allied Wisdom has been in negotiations with the Company over the detailed terms of the Proposal, based on various assumptions and factors including (without limitation) the understanding that existing business operations of the Group should generally be in order. Trading in the shares of the Company was resumed from 9:30 a.m. on 26 November 2007, pending the formal announcement of the Proposal and its detailed terms.

On 30 November 2007, the Company was notified by the principal of Marni International S.A. ("**Marni**"), the Group's only joint venture partner, that it intends to buy back the 50% ownership of the joint venture company held by Joyce Boutique Limited, a subsidiary of Joyce Boutique Holdings Limited in accordance with the provisions of the relevant joint venture agreement.

On 3 December 2007, the Company was notified by one of the Group's long-time major franchise partners that it intends to operate half of the shops under direct management and Joyce Boutique Limited will remain the franchisee for the balance of the shops.

The above developments may have significant adverse effect to the Group's profits. On 5 December 2007, the Company received notice from Allied Wisdom that for valuation and commercial reasons, the Proposal would not be implemented and hence be withdrawn. Please also refer to the announcement being issued jointly by the Company and Allied Wisdom on 5 December 2007.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the period under review, we see a substantial profit drop of 28.5%. This substantial profit drop is due to the escalating premises costs, continuous strengthening of the Euro and keen market competition of the luxury retail market. The focus of financial and management resources on the core Hong Kong and Mainland China markets remains the business strategy of the Group for the current financial year. While maintaining a mild growth of the core retail portfolio in Hong Kong, the Group has increased its pace to extend the retail network of its key strategic brands in China. The core fashion business in Hong Kong continues to be the major turnover and profit contributor of the Group. During the period under review, the Hong Kong division recorded a 12.7% turnover growth. On the other hand, the rapid expanding China division has tripled its turnover. As a whole, the Group reported an overall turnover growth of 14.4% as compared with same period last year.

In Hong Kong, the Joyce flagship store in Central has completed its renovation and expansion plan which increases its total floor area by 10,000 square feet to 26,000 square feet. The Joyce multi-label store at Pacific Place was relocated within the mall and fully renovated in September. The new shop was opened in October 2007 with a new Joyce Beauty corner. The third Etro shop in Hong Kong was also opened at International Finance Centre in June 2007.

In China, the Group continued to expand its direct retail portfolio in major first to second-tier cities including Shanghai, Beijing, Chengdu, Hangzhou and Tianjin. The first Joyce multi-label store in China was opened in Shanghai. Ten mono-brand stores were opened for key strategic brands during the period. The expansion of the Group will be mainly focused on Mainland China. The performance of the start-up retail portfolio is closely monitored to ensure that the initial loss is manageable and affordable.

On the other hand, the boutiques operating under the jointly controlled entity with Marni recorded a strong turnover growth during the period with profit more than double last year's contribution. The profit contribution of this joint venture is significant to the Group and exceeds 40% of the profit reported.

Outlook

The outlook for the market in 2007/08 will continue to be challenging. The Group expects to face increasing pressure on the profitability due to keen competition, substantial escalating rental upon lease renewals, and staff cost increase in Hong Kong in the coming year and the risks on franchise renewal with brands should not be under-estimated.

FINANCIAL REVIEW

(I) Results Review

The Group's turnover for the six months ended 30 September 2007 was HK$432.5 million, representing an increase of 14.4% over the same period last year. The Hong Kong division achieved a satisfactory turnover growth of 12.7% and remained to be the core business of the Group, accounting for 90.3% of the total Group's turnover. During the period, the strengthening of the Euro and keen competition in the retail market together with the escalating retail rental in Hong Kong have put pressure on the profitability of the Group. Gross profit margin decreased by 2.0 percentage points while premises costs as a percentage of turnover, increased sharply from 21.5% to 24.2%.

The China division has emerged to be a strong growth segment with turnover accounting for 9.6% of the Group's turnover for the period. As the China division has just started its expansion plan, an operating loss of HK$6.6 million was recorded for the period, which dragged down the overall net profit of the Group.

The jointly controlled entity in which the Group has a 50% interest continued its robust growth in turnover and contributed a net profit of HK$5.6 million to the Group, an increase of HK$3.5 million as compared to same period last year.

The Group profit attributable to Shareholders for the six-month period ended 30 September 2007 was HK$13.0 million, a decrease of HK$5.2 million as compared with the profit of HK$18.2 million for the same period last year.

(II) Liquidity and Financial Resources

At 30 September 2007, the Group's financial position remained strong even after the payment of HK$22.7 million final dividend of previous year. At 30 September 2007, the Group had total bank deposits and cash amounted to HK$238.3 million with no outstanding borrowings.

At 30 September 2007, the Group had available banking facilities in a total amount of HK$233.0 million (31/3/2007: HK$233.0 million).

With its strong financial position and available banking facilities, the Group believes that it will have sufficient fund to pursue new potential investment opportunities.

(III) Foreign Exchange Risk Management

Most of the Group's imported purchases are denominated in foreign currencies, primarily being Euro. To minimise exposure on foreign exchange fluctuations, the Group will from time to time review its foreign exchange position and, when it considers appropriate and necessary, will hedge its foreign exchange exposure by way of forward foreign exchange contracts.

(IV) Human Resources

The Group had approximately 572 staff as at 30 September 2007 (31/3/2007: 480). Staff are remunerated according to nature of the job and market trend, with a built-in merit component incorporated in the annual increment to reward and motivate individual performance. The Group provides various job-related training programmes to staff when necessary. Total staff costs for the period ended 30 September 2007 amounted to HK$58.7 million.

CODE ON CORPORATE GOVERNANCE PRACTICES

During the financial period under review, the Company has complied with all the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the six months ended 30 September 2007

	Note	**Unaudited 30/09/2007 HK$'000**	Unaudited 30/09/2006 HK$'000
Turnover	2	**432,539**	378,007
Other income		**9,573**	8,663
		442,112	386,670
Direct costs and operating expenses		**(377,843)**	(312,339)
Selling and marketing expenses		**(15,773)**	(18,661)
Administrative expenses		**(39,080)**	(33,666)
Other operating expenses		**–**	(3,597)
Operating profit		**9,416**	18,407
Finance costs	3	**(8)**	(17)
Share of profit of jointly controlled entity		**5,628**	2,147
Profit before taxation		**15,036**	20,537
Taxation	5	**(2,000)**	(2,300)
Profit attributable to shareholders		**13,036**	18,237
Earnings per share	6		
- Basic		**0.8 cents**	1.1 cents
- Diluted		**0.8 cents**	N/A

CONDENSED CONSOLIDATED BALANCE SHEET
at 30 September 2007

	Note	Unaudited 30/09/2007 HK$'000	Audited 31/03/2007 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**75,669**	54,404
Rental deposits		**41,768**	42,659
Interest in jointly controlled entity		**13,837**	8,209
Deferred income tax		**4,000**	2,500
		135,274	107,772
CURRENT ASSETS			
Inventories		**198,552**	183,150
Trade and other receivables	7	**57,715**	51,685
Deposits, prepayments and other assets		**19,079**	17,382
Financial derivative assets		**13,451**	4,445
Bank balances and cash		**238,284**	262,662
		527,081	519,324
TOTAL ASSETS		**662,355**	627,096
EQUITY			
Capital and reserves attributable to the Company's shareholders			
Share Capital		**162,400**	162,005
Reserves		**297,474**	296,499
TOTAL EQUITY		**459,874**	458,504
CURRENT LIABILITIES			
Trade and bills payables	8	**64,547**	59,552
Other payables and accruals		**102,204**	98,917
Amount due to jointly controlled entity		**29,000**	6,893
Current income tax liabilities		**6,730**	3,230
TOTAL LIABILITIES		**202,481**	168,592
TOTAL EQUITY AND LIABILITIES		**662,355**	627,096
NET CURRENT ASSETS		**324,600**	350,732
TOTAL ASSETS LESS CURRENT LIABILITIES		**459,874**	458,504

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
for the six months ended 30 September 2007

	Unaudited 30/09/2007 HK$'000	Unaudited 30/09/2006 HK$'000
Net cash inflow from operating activities	**26,198**	46,695
Net cash outflow from investing activities	**(29,273)**	(4,832)
Net cash outflow from financing activities	**(21,136)**	(33,906)
(Decrease) / increase in cash and cash equivalents	**(24,211)**	7,957
Effect of foreign exchange rate changes, net	**(167)**	—
Cash and cash equivalents at beginning of period	**262,662**	245,473
Cash and cash equivalents at end of period	**238,284**	253,430
Analysis of balances of cash and cash equivalents		
Bank balances and cash	**238,284**	253,430

NOTES TO INTERIM ACCOUNTS

(1) Basis of preparation and accounting policies

The unaudited condensed consolidated interim accounts have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and the applicable discloseable provisions of Appendix 16 of the Listing Rules of the Stock Exchange.

These unaudited consolidated interim accounts should be read in conjunction with the annual accounts for the year ended 31 March 2007.

The accounting policies and the methods of computation used in the preparation of the interim accounts are consistent with those described in the annual accounts for the year ended 31 March 2007 except for the adoption of new and revised Hong Kong Financial Reporting Standards ("HKFRSs") which are effective for accounting periods beginning on or after 1 April 2007 as set out below:

HKAS 1 (Amendment)	Presentation of Financial Statements: Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) – Int 8	Scope of HKFRS 2
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment
HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions

The adoption of the above new and revised accounting standards has had no material impact on the Group's results and financial position.

The following new standards, amendments and interpretations to existing standards have been issued by HKICPA but are not effective for financial year ending 31 March 2008 and have not been early adopted.

HKFRS 8	Operating Segments
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 14	HKAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
HKAS 23 (Revised)	Borrowing Costs

(2) Segment information

The Group is principally engaged in sale of designer fashion garments, cosmetics and accessories.

An analysis of the Group's segment information for the period by geographical segment is as follows:

	Segment turnover		**Segment results**	
	30/09/2007	30/09/2006	**30/09/2007**	30/09/2006
	HK$'000	HK$'000	**HK$'000**	HK$'000
Geographical segments:				
Hong Kong	**390,609**	346,571	**15,730**	14,903
China	**41,344**	12,934	**(6,553)**	85
Taiwan	**–**	18,207	**–**	3,373
Others	**586**	295	**239**	46
Total	**432,539**	378,007		
Operating profit			**9,416**	18,407
Finance costs			**(8)**	(17)
Share of profit of jointly controlled entity			**5,628**	2,147
Profit before taxation			**15,036**	20,537
Taxation			**(2,000)**	(2,300)
Profit attributable to shareholders			**13,036**	18,237

There are no sales or other transactions between the geographical segments.

No business segment analysis is provided as over 90% of the Group's turnover and profit contribution came from the retail business during the period.

(3) Finance costs

	30/09/2007	30/09/2006
	HK$'000	HK$'000
Interest on bank loans and overdrafts	**8**	17

(4) Expenses by nature

	30/09/2007 HK$'000	30/09/2006 HK$'000
Cost of inventories (including provision for inventories)	**225,713**	189,725
Depreciation of property, plant and equipment	**14,072**	11,068
Impairment charge of property, plant and equipment	**–**	3,597
Operating lease rentals in respect of land and buildings	**97,835**	75,687
Staff costs	**58,695**	55,288
Other expenses	**36,381**	32,898
	432,696	368,263

(5) Taxation

Hong Kong profits tax has been provided at the rate of 17.5% on the estimated assessable profit for the period. No provision for Hong Kong profits tax has been made for the period ended 30 September 2006 as the Group has sufficient tax losses brought forward from previous years to offset against the net assessable profits for the period ended 30 September 2006.

No provision for overseas profits tax has been made as there were no net assessable profits generated during the period ended 30 September 2007 (2006: Nil).

The amount of taxation charged to the consolidated profit and loss account represents:

	30/09/2007 HK$'000	30/09/2006 HK$'000
Current income tax		
- Hong Kong profits tax	**3,500**	–
Deferred income tax	**(1,500)**	2,300
	2,000	2,300

(6) Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to Shareholders for the period of HK$13,036,000 (2006: HK$18,237,000) and the weighted average number of 1,622,324,590 (2006: 1,620,050,000) ordinary shares in issue throughout the period.

(6) Earnings per share (continued)

(b) Diluted earnings per share

The diluted earnings per share for the period ended 30 September 2007 is based on 1,622,976,688 ordinary shares which is the weighted average number of ordinary shares in issue during the period plus the weighted average number of 652,098 ordinary shares deemed to be issued at no consideration if all outstanding options had been exercised.

No disclosure of diluted earnings per share for the period ended 30 September 2006 is shown as the exercise price of the Company's outstanding share options were higher than the average market price of the Company's ordinary shares during the period, and thus there has no dilutive effect on the earnings per share.

(7) Trade and other receivables

Included in trade and other receivables are trade receivables with an ageing analysis at 30 September 2007 as follows:

	30/09/2007	31/03/2007
	HK$'000	HK$'000
Within 30 days	**32,023**	29,893
Between 31 to 60 days	**8,452**	6,625
Between 61 to 90 days	**1,286**	–
	41,761	36,518

The Group has established credit policies for each of its core businesses. The general credit terms allowed range from 0 to 60 days.

(8) Trade and bills payables

The ageing analysis of trade and bills payables at 30 September 2007 is as follows:

	30/09/2007	31/03/2007
	HK$'000	HK$'000
Due within 30 days	**55,512**	48,921
Due between 31 to 60 days	**6,341**	7,619
Due between 61 to 90 days	**1,280**	1,598
Due after 90 days	**1,414**	1,414
	64,547	59,552

(9) Review of unaudited interim accounts

The unaudited interim accounts for the six months ended 30 September 2007 have been reviewed with no disagreement by the Audit Committee of the Company.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the financial period under review.

By Order of the Board
Wilson W. S. Chan
Secretary

Hong Kong, 5 December 2007

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Stephen T. H. Ng, Mr. Walter K. W. Ma, Mrs. Joyce E. Ma, Ms. Adrienne M. Ma, Ms. Doreen Y. F. Lee, Mr. Gonzaga W. J. Li, Ms. Yvette T. Ma, Mr. Peter S. O. Mak, Mr. T. Y. Ng and Mr. Paul Y. C. Tsui, together with four independent non-executive directors, namely, Mr. Michael E. Brillhart, Mr. Antonio Chan, Mr. Eric F. C. Li and Mr. Eric K. K. Lo.