MOISELLE

MOISELLE INTERNATIONAL HOLDINGS LIMITED

慕 詩 國 際 集 團 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 130)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2007

ANNUAL RESULTS

The board of directors (the "Board") of Moiselle International Holdings Limited (the "Company") announces that the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2007 with comparative figures for the previous corresponding year are as follows:

CONSOLIDATED INCOME STATEMENT

	Note	**2007** ***HK$'000***	2006 *HK$'000*
Turnover	3	**352,217**	311,617
Cost of sales		**(73,689)**	(75,499)
Gross profit		**278,528**	236,118
Other revenue	4	**4,673**	3,438
Other net income	4	**485**	469
Selling and distribution costs		**(150,016)**	(124,586)
Administrative and other operating expenses		**(48,211)**	(39,725)
Profit from operations		**85,459**	75,714
Finance costs		**(365)**	(251)
Net valuation gains/(losses) on			
– land and buildings		**(55)**	6,372
– investment properties		**3,030**	3,600
Profit before taxation	5	**88,069**	85,435
Income tax	6	**(9,815)**	(6,624)
Profit for the year		**78,254**	78,811
Dividends	7	**47,942**	47,929
Earnings per share	8		
Basic		**HK$0.28**	HK$0.28
Diluted		**HK$0.27**	HK$0.28

CONSOLIDATED BALANCE SHEET

		2007		2006 (restated)	
	Note	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*
Non-current assets					
Fixed assets					
– Investment properties			**17,130**		14,100
– Other fixed assets			**165,334**		121,544
			182,464		135,644
Other assets			**13,558**		12,118
Deferred tax assets			**4,112**		4,617
			200,134		152,379
Current assets					
Other financial assets		**4,359**		4,396	
Inventories		**69,617**		54,383	
Trade and other receivables	9	**41,920**		36,619	
Tax recoverable		**1,695**		1,503	
Cash and cash equivalents		**90,306**		92,941	
		207,897		189,842	
Current liabilities					
Trade and other payables	10	**43,064**		31,331	
Bank loans and overdrafts		**–**		1,687	
Tax payable		**5,446**		2,551	
		48,510		35,569	
Net current assets			**159,387**		154,273
Total assets less current liabilities			**359,521**		306,652
Non-current liabilities					
Bank loans		**–**		3,415	
Deferred tax liabilities		**7,967**		2,531	
			7,967		5,946
NET ASSETS			**351,554**		300,706
CAPITAL AND RESERVES					
Share capital			**2,821**		2,820
Reserves			**348,733**		297,886
TOTAL EQUITY			**351,554**		300,706

Notes:

1. **Basis of preparation**

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

2. **Changes in accounting policies**

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies applied in these financial statements for the years presented, except for the amendments to HKAS 39 "Financial instruments: Recognition and measurement: Financial guarantee contracts". The effect of the adoption of the amendments to HKAS 39 is set out below.

In prior years, financial guarantees issued by the Group were disclosed as contingent liabilities in accordance with HKAS 37 "Provisions, contingent liabilities and contingent assets". No provisions were made in respect of these guarantees unless it was more likely than not that the guarantee would be called upon.

With effect from 1 April 2006, in order to comply with the amendments to HKAS 39 in respect of financial guarantee contracts, the Group has changed its accounting policy for financial guarantees issued. Under the new policy, financial guarantees issued are accounted for as financial liabilities under HKAS 39 and measured initially at fair value, where the fair value can be reliably measured. Subsequently, they are measured at the higher of the amount initially recognised, less accumulated amortisation, and the amount of the provision, if any, that should be recognised in accordance with HKAS 37.

The new accounting policy has no impact on the opening retained profits nor the profit or loss for the periods presented due to the fact that the fair value of the financial guarantees issued by the Group cannot be reliably measured. Accordingly, the Group has not recognised any deferred income in respect of the financial guarantees issued.

3. **Turnover**

Turnover represents the invoiced value of goods sold, excluding value added tax and net of trade discounts.

4. Other revenue and other net income

	2007	2006
	HK$'000	*HK$'000*
Other revenue		
Interest income from bank deposits	**2,526**	2,030
Gross rental from investment properties	**725**	722
Service fee income	**420**	420
Compensation received	**380**	–
Interest income from held-to-maturity securities	**186**	81
Sundry income	**436**	185
	4,673	3,438
Other net income		
Realised and unrealised (losses)/gains on trading securities	**(39)**	70
Net loss on sale of fixed assets	**(569)**	(101)
Net exchange gain	**1,093**	500
	485	469

5. Profit before taxation is arrived at after charging:

	2007	2006
	HK$'000	*HK$'000*
Interest on bank advances	**365**	251
Depreciation	**12,934**	10,397

6. Income tax

	2007	2006
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
Provision for the year	**2,241**	352
Under/(over)-provision in respect of prior years	**158**	(25)
	2,399	327
Current tax – PRC		
Provision for the year	**7,675**	5,879
Over-provision in respect of prior years	**–**	(55)
	7,675	5,824
Deferred tax		
Origination and reversal of temporary differences	**(259)**	473
	9,815	6,624

The provision for Hong Kong Profits Tax is calculated at 17.5% (2006: 17.5%) of the estimated assessable profits for the year ended 31 March 2007. Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant tax jurisdictions.

7. Dividends

The Board recommended the payment of a final dividend of 12 Hong Kong cents (2006: 12 Hong Kong cents) per share in respect of the year, payable on or before 5 September 2007 in cash to shareholders whose names appear on the register of members of the Company at the close of business on 29 August 2007.

(a) Dividends payable to equity shareholders attributable to the year

	2007	2006
	HK$'000	*HK$'000*
Interim dividend declared and paid of 5 Hong Kong cents per share (2006: 5 Hong Kong cents per share)	**14,098**	14,095
Final dividend proposed after the balance sheet date of 12 Hong Kong cents per share (2006: 12 Hong Kong cents per share)	**33,844**	33,834
	47,942	47,929

The final dividend of 12 Hong Kong cents per share proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

(b) Dividend payable to equity shareholders attributable to the previous financial year, approved and paid during the year

	2007	2006
	HK$'000	*HK$'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of 12 Hong Kong cents per share (2006: 12 Hong Kong cents per share)	**33,834**	33,816

8. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of approximately HK$78,254,000 (2006: HK$78,811,000) and the weighted average number of 281,962,932 (2006: 281,851,918) ordinary shares in issue during the year.

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of HK$78,254,000 (2006: HK$78,811,000) and the weighted average number of 284,627,074 (2006: 284,746,608) ordinary shares after adjusting for the effects of all dilutive potential ordinary shares, calculated as follows:

Weighted average number of ordinary shares (diluted)

	2007 *Number of shares*	2006 *Number of shares*
Weighted average number of ordinary shares at 31 March	**281,962,932**	281,851,918
Effect of deemed issue of ordinary shares under the Company's share option scheme for nil consideration	**2,664,142**	2,894,690
Weighted average number of ordinary shares (diluted) at 31 March	**284,627,074**	284,746,608

9. Trade and other receivables

Included in trade and other receivables are trade debtors with the following ageing analysis as of the balance sheet date:

	2007 *HK$'000*	2006 *HK$'000*
Outstanding balances with ages:		
Within 30 days	**11,185**	9,239
Between 31 to 90 days	**10,039**	7,403
Between 91 to 180 days	**2,826**	5,205
Between 181 to 365 days	**2,013**	5,540
Over 365 days	**1,953**	–
	28,016	27,387

10. Trade and other payables

Included in trade and other payables are trade creditors with the following ageing analysis as of the balance sheet date:

	2007	2006
	HK$'000	*HK$'000*
Outstanding balances with ages:		
Within 30 days	**5,606**	6,224
Between 31 to 90 days	**1,544**	1,144
Over 90 days	**1,111**	1,340
	8,261	8,708

11. Segment information

The Group comprises the following main geographical segments:

	Hong Kong		**Outside Hong Kong**		**Unallocated**		**Consolidated**	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**208,078**	202,823	**144,139**	108,794	**–**	–	**352,217**	311,617
Other revenue from external customers	**–**	–	**–**	–	**725**	722	**725**	722
Total	**208,078**	202,823	**144,139**	108,794	**725**	722	**352,942**	312,339
Segment result	**46,693**	42,429	**33,608**	29,378			**80,301**	71,807
Unallocated operating income and expenses							**5,158**	3,907
Profit from operations							**85,459**	75,714
Finance costs							**(365)**	(251)
Net valuation gains on land and buildings and investment properties							**2,975**	9,972
Income tax							**(9,815)**	(6,624)
Profit for the year							**78,254**	78,811
Depreciation for the year	**5,888**	7,910	**7,046**	2,487			**12,934**	10,397

	Hong Kong		Outside Hong Kong		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**169,185**	142,024	**117,539**	79,263	**286,724**	221,287
Unallocated assets					**121,307**	120,934
Total assets					**408,031**	342,221
Segment liabilities	**28,826**	20,111	**14,238**	11,220	**43,064**	31,331
Unallocated liabilities					**13,413**	10,184
Total liabilities					**56,477**	41,515
Capital expenditure incurred during the year	**15,136**	7,211	**17,141**	7,179		

Additional information concerning geographical segments:

	Hong Kong		Outside Hong Kong	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets by the location of assets	**176,811**	153,200	**109,913**	68,087
Capital expenditure incurred during the year by the location of assets	**11,354**	5,517	**20,923**	8,873

12 Comparative figures

Deposits of HK$12,118,000 included under "trade and other receivables" have been reclassified as "other assets" under non-current assets to comply with the current year's presentation. The revised presentation reflects better the nature and term of the balances.

REVIEW OF OPERATIONS

During the year under review, the Group increased its networking in the mainland China under all the three brands, *MOISELLE, mademoiselle* and *imaroon*, of the Group. There were 67 *MOISELLE* stores (2006: 60) operating in the mainland China as at 31 March 2007. 49 (2006: 43) out of the 67 (2006: 60) stores were operated as consignment stores. The remaining ones were operated by franchisees. The newly established stores positioned at Changsha, Tianjin, Yiwu, Leqing, Zhangjiagang and Linfen.

During the year, the established network in the market in the mainland China region continued to provide growth momentum to the Group and to increase brand exposure in major and second- to third-tiers cities. Various marketing activities in Hong Kong and China regions with refreshed brand image contributed to successfully approaching new customers and enlarging customer base during the year.

The Group increased the network of the brands *mademoiselle* and *imaroon* in the mainland China region during the year. There were six (2006: two) *mademoiselle* stores and 15 (2006: two) *imaroon* stores operating as at 31 March 2007. Newly opened stores were located in cities of Suzhou, Chongqing, Kunming, Xiamen, Ningbo, Wenzhou, Chengdu, Urumqi, Shanghai, etc. The management considered the multi-brand strategies would bring synergy effects on the brand building and increase potential in the China fashion retail market.

In Hong Kong, the Group operated 17 *MOISELLE*, 4 *mademoiselle* and 7 *imaroon* (2006: 17 *MOISELLE*, 3 *mademoiselle* and 5 *imaroon*) retail outlets as at 31 March 2007. A flagship store of *MOISELLE* was opened in Russell Street, Causeway Bay in December 2006 as part of the marketing strategies on strengthening the new brand image. In order to maintain high efficiency, individual performance of each retail outlet was closely monitored with reference to continuous increase in rental and other operating costs.

One (2006: one) store of *MOISELLE* was maintained during the year in Macau. The improvement in the economy in Macau provides new retail spaces for fashion brands targeting at high end market. In addition, at 31 March 2007, the Group retained in Taiwan market 6 *MOISELLE* stores (2006: 5), in Taipei City and Taoyuan County.

FINANCIAL REVIEW

Overview

The Group's turnover increased by approximately 13% to approximately HK$352,217,000 (2006: HK$311,617,000) during the year ended 31 March 2007 as compared with 2006. As the development of sales network in the PRC has generated improved performance, the revenue of the region outside Hong Kong increased by 32% to approximately HK$144,139,000 (2006: HK$108,794,000) during the period under review. The exploration of the markets outside Hong Kong had successfully increased the segment turnover ratio from approximately 35% of 2006 to approximately 41% for the year ended 31 March 2007.

The revenue earned from Hong Kong segment increased by approximately 3% to HK$208,078,000 (2006: HK$202,823,000) which was mainly attributable to the significant growth in sales of *mademoiselle* brand in Hong Kong market during the financial year under review.

During the year under review, the Group's gross profit margin was approximately 79.1%, as compared to approximately 75.8% of the previous year. The improvement in gross profit margin was attributed by the merchandising strategies adopted in introducing higher margin products with distinctive luxurious design and unique details. Operating expenses for the year ended 31 March 2007 totaled approximately HK$198,227,000, compared to approximately HK$164,311,000 for 2006, increased by approximately 21%. The increase in operating expenses was in line with the expansion of sales network in the mainland China, and major components of such increase came from rent, staff cost, transportation and other selling and distribution costs. The overall operational efficiency was, however, maintained and the operating margin retained at 24.3% (2006: 24.3%).

The profit for the year ended 31 March 2007 was approximately HK$78,254,000 (2006: HK$78,811,000), slightly increased by approximately HK$557,000, 1%.

Liquidity and financial resources

During the year, the Group financed its operations with internal generated cash flows. The Group adopts a prudent financial policy such that it can meet the financial obligations when they fall due and maintain a sufficient operating fund for the development of the Group's business. At the end of the year, the Group's aggregate fixed deposits and cash balances amounted to approximately HK$90 million (2006: HK$93 million). As at 31 March 2007, the Group maintained aggregate composite banking facilities of approximately HK$90 million (2006: HK$48 million) with various banks, of which approximately HK$2 million (2006: HK$3 million) were utilised.

The Group continues to enjoy healthy financial position. As at 31 March 2007, the current ratio (current assets divided by current liabilities) was approximately 4.3 times (2006: 5.3 times (restated)) and the gearing ratio (aggregate of bank borrowings and finance lease payables divided by shareholders' equity) was zero (2006: 1.7%).

Charge on assets

As at 31 March 2007, no (2006: carrying value of approximately HK$82 million) investment properties and leasehold land and buildings were pledged to secure mortgaged loans and banking facilities granted to the Group.

Contingent liabilities

As at 31 March 2007, the Company had contingent liabilities in relation to guarantees given to banks against facilities extended to certain wholly owned subsidiaries amounting to approximately HK$2 million (2006: guarantees to banks against facilities and mortgaged loans of HK$7 million).

OUTLOOK

Newly introduced brands of *mademoiselle* and *imaroon* in China will form stronger networking when number of stores continues to grow in the coming seasons with locations in more important cities in terms of retail consumption potential. The two lines of retail business in China are expected to grow in a faster rate and increased efficiency in the coming year.

The establishment of foreign investment commercial enterprises in China entitles the Group to have high flexibility in formulating the retail strategies in the tremendous potential market. New flagship stores are planned to open in top tier shopping malls located in first tier cities in China. The creative retail concept together with the refined images of the Group's brands is expected to solidify opportunities in the vast retail market with intensive competition.

The Group has engaged in exclusive distributorship for certain overseas fashion brands, including *COCCINELLE* and *REISS*. *COCCINELLE* is a long established Italian fashion brand with specialties in fashion accessories of mainly handbags, shoes, small leather products and fashion jewellries. Embraced with charming Italian design, refined workmanship, in-depth knowledge in materials and extensive distribution network, *COCCINELLE* achieves a prestigious brand position in its home country and the international fashion accessories market.

The first retail outlet of *COCCINELLE* has been opened by the Group in the IFC Mall in Hong Kong. The Group would expand the sales network of *COCCINELLE* into mainland China in the coming seasons and thereby provide extended product range to its customers in the market.

REISS is a fashion brand from the United Kingdom carrying menswear, womenswear and fashion accessories with strong position in high street fashion market in its home country and has expanded rapidly in the international market in the past few years. The Group would open retail outlets of *REISS* in both Hong Kong and mainland China in the coming seasons. The move is going to bring new customer groups to and to foster the competitiveness of the Group.

The Group has continued to explore business opportunities in various markets and different kinds of businesses related to lifestyle consumer products and would expect to develop possible new business directions and strategies which would lead to strengthening of the brand equity of the Group.

EMPLOYEES

As at 31 March 2007, the Group employed 1,146 (2006: 1,010) employees mainly in Hong Kong and the PRC. Salaries of employees are maintained at competitive levels while bonuses are granted on a discretionary basis. Other employee benefits include mandatory provident fund, statutory and medical insurance cover, training programmes, a share option scheme and a share award scheme.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

There were no purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries during the year.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions listed in the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Listing Rules throughout the year ended 31 March 2007. The only exception is that Mr. Chan Yum Kit is the chairman of the Board and also assumes the role of the chief executive officer. The Board considers that the current management structure ensures consistent leadership and optimal efficiency for the operation of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the Company's code of conduct for dealings in securities of the Company by the directors. Based on specific enquiry of the Company's directors, the directors have complied with the required standards set out in the Model Code throughout the year ended 31 March 2007.

AUDIT COMMITTEE

The Company has an audit committee which was established in compliance with Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises three independent non-executive directors of the Company.

The audit committee of the Company has reviewed with the management the accounting principles and practices adopted by the Group and the consolidated financial statements of the Group for the year ended 31 March 2007.

REMUNERATION COMMITTEE

The Company has a remuneration committee which was established in compliance with the CG Code. The members of the remuneration committee comprise two independent non-executive directors of the Company, Ms. Yu Yuk Ying, Vivian and Mr. Chu Chun Kit, Sidney, and one executive director, Mr. Chan Sze Chun.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 27 August 2007 to 29 August 2007 (both days inclusive) and during which period no transfer of shares will be effected.

In order to qualify for the final dividend, all transfers accompanied by the relevant share certificates should be lodged with the Company's branch share registrar and transfer office in Hong Kong, Hong Kong Registrars Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on 25 August 2007.

By Order of the Board
Chan Yum Kit
Chairman

Hong Kong, 16 July 2007

As at the date of this announcement, the Company's executive directors are Mr Chan Yum Kit, Ms Tsui How Kiu, Shirley, Mr Chui Hing Yee and Mr Chan Sze Chun, and independent non-executive directors are Ms Yu Yuk Ying, Vivian, Mr Chu Chun Kit, Sidney and Ms Wong Shuk Ying, Helen.