MIRABELL INTERNATIONAL HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1179)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 29 FEBRUARY 2008

RESULTS

The board of directors (the "Board") is pleased to announce the audited consolidated results of Mirabell International Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 29 February 2008, together with the comparative figures for the previous year, as follows:

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 29 FEBRUARY 2008

	Note	**2008** *HK$'000*	2007 *HK$'000*
Turnover	*2*	**1,017,527**	934,225
Cost of sales	*4*	**(401,742)**	(377,503)
Gross profit		**615,785**	556,722
Other income	*2*	**10,491**	5,298
Other gains, net	*3*	**28,714**	4,701
Distribution and selling costs	*4*	**(436,159)**	(399,157)
Administrative expenses	*4*	**(117,635)**	(106,590)
		101,196	60,974
Realisation of available-for-sale financial assets reserve		**265,054**	–
Operating profit		**366,250**	60,974
Finance costs	*5*	**(379)**	(2,199)
Share of profit of an associate	*9*	**3,114,499**	58,002
Profit before income tax		**3,480,370**	116,777
Income tax expense	*6*	**(13,890)**	(11,315)
Profit attributable to equity holders of the Company		**3,466,480**	105,462
Earnings per share (expressed in HK cents per share)			
– Basic	*7*	**1,328.5 cents**	41.4 cents
– Diluted	*7*	**1,285.8 cents**	41.0 cents
Appropriation			
– Cash dividend	*8*	**6,558**	3,818
– Distribution in specie	*8*	**3,459,654**	–

CONSOLIDATED BALANCE SHEET
AS AT 29 FEBRUARY 2008

	Note	2008 HK$'000	2007 HK$'000
Non-current assets			
Property, plant and equipment		**37,582**	39,638
Investment properties		**–**	56,460
Leasehold land and land use rights		**3,291**	15,697
Intangible assets		**10,867**	14,905
Interest in an associate	*9*	**408**	864,389
Rental deposits		**30,202**	24,735
Available-for-sale financial assets		**22,322**	–
Deferred income tax assets		**9,045**	9,900
		113,717	1,025,724
Current assets			
Inventories	*10*	**240,663**	182,052
Trade receivables	*11*	**100,240**	80,646
Other receivables, deposits and prepayments		**38,203**	49,008
Taxation recoverable		**4,227**	3,770
Cash and cash equivalents		**278,541**	108,246
		661,874	423,722
Current liabilities			
Trade payables	*12*	**76,210**	48,666
Other payables and accrued charges		**84,911**	69,420
Taxation payable		**9,957**	8,814
Short-term bank borrowings		**–**	25,008
		171,078	151,908
Net current assets		**490,796**	271,814
Total assets less current liabilities		**604,513**	1,297,538
Non-current liabilities			
Other non-current liabilities		**8,042**	11,514
Deferred income tax liabilities		**156**	1,697
		8,198	13,211
Net assets		**596,315**	1,284,327
Equity			
Share capital		**26,232**	25,453
Other reserves		**171,776**	871,003
Retained earnings		**398,307**	387,871
Total equity		**596,315**	1,284,327

Notes:

1. Basis of preparation

The consolidated financial statements of Mirabell International Holdings Limited have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention except that investment properties and certain financial assets and financial liabilities are measured at fair value as appropriate.

The following standard, amendment and interpretations are mandatory for the financial year ended 29 February 2008.

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

Except for HKAS 1 (Amendment) and HKFRS 7, the adoption of the above interpretations do not have material impact to the Group's principal accounting policies or presentation of financial statements.

According to HKAS 1 (Amendment), an entity shall disclose information that enable users of the financial statements to evaluate the entity's objective, policies and processes for managing capital; including (a) qualitative information about its objectives, policies and processes for managing capital; (b) summary quantitative data about what it manages as capital; (c) any changes on (a) and (b) from the previous period; (d) whether during the period it complied with any externally imposed capital requirements to which it is subject; and (e) when the entity has not complied with such externally imposed capital requirements, the consequences of such non-compliance.

The HKFRS 7 requires disclosures of (a) the significance of financial instruments for an entity's financial position and performance; and (b) qualitative and quantitative information about its exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk. The qualitative disclosures include description of management's objective, policies and processes for managing those risks. The quantitative disclosures provide information about the extent to which the entity is exposed to risks including sensitivity analysis to market risk, based on information provided internally to the entity's key management personnel.

The following new standard, amendment/revisions to standards and interpretations have been issued but are not yet effective and have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
HKAS 1 (Revised)	Presentation of Financial Statements	1 January 2009
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations	1 January 2009
HKFRS 3 (Revised)	Business Combinations	1 July 2009
HKFRS 8	Operating Segments	1 January 2009
HKAS 23 (Revised)	Borrowing Costs	1 January 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements	1 July 2009
HK(IFRIC) – Int 12	Service Concession Arrangements	1 January 2008
HK(IFRIC) – Int 13	Customer Loyalty Programmes	1 July 2008
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2008

The Group has already commenced an assessment of the related impact of adopting the above new standard, amendment/revisions to standards and interpretations to the Group.

For the remaining standards, amendment/revisions to standards and interpretations, the Group is not yet in a position to state whether substantial changes to the Group's accounting policies and presentation of the financial statements will be resulted.

2. Turnover, other income and segment information

The Group is principally engaged in retailing, wholesaling and manufacturing of footwear. Revenues recognised during the year are as follows:

	2008	2007
	HK$'000	*HK$'000*
Turnover		
Sales of goods	**1,017,527**	934,225
Other income		
Royalty income	**6,855**	4,375
Interest income	**2,095**	920
Rental income	**1,461**	–
Dividend income	**80**	3
	10,491	5,298
Total	**1,028,018**	939,523

Primary reporting format – geographical segments

The Group's business operates in three main geographical areas, namely Hong Kong and Macau market, Mainland China market and Taiwan market.

	Hong Kong and Macau 2008 *HK$'000*	Mainland China 2008 *HK$'000*	Taiwan 2008 *HK$'000*	Total 2008 *HK$'000*
Gross segment sales	**828,573**	**348,904**	**27,682**	**1,205,159**
Inter-segment sales	**(172,682)**	**(14,950)**	**–**	**(187,632)**
	655,891	**333,954**	**27,682**	**1,017,527**
Segment results	**312,867**	**54,759**	**(1,376)**	**366,250**
Finance costs				**(379)**
Share of profit of an associate	**–**	**3,114,499**	**–**	**3,114,499**
Profit before income tax				**3,480,370**
Income tax expense				**(13,890)**
Profit attributable to equity holders of the Company				**3,466,480**
Segment assets	**457,734**	**277,968**	**26,209**	**761,911**
Interest in an associate	**–**	**408**	**–**	**408**
Taxation recoverable				**4,227**
Deferred income tax assets				**9,045**
Total assets				**775,591**
Segment liabilities	**104,612**	**51,698**	**12,853**	**169,163**
Taxation payable				**9,957**
Deferred income tax liabilities				**156**
Total liabilities				**179,276**
Capital expenditure	**12,808**	**10,819**	**249**	**23,876**
Depreciation of property, plant and equipment	**11,707**	**10,547**	**1,027**	**23,281**
Amortisation of leasehold land and land use rights	**852**	**218**	**–**	**1,070**
Amortisation of intangible assets	**1,700**	**1,755**	**2,773**	**6,228**
Provision for/(write-back of) inventory obsolescence	**108**	**(102)**	**(6)**	**–**
Provision for impairment of receivables	**–**	**156**	**–**	**156**

	Hong Kong and Macau 2007 *HK$'000*	Mainland China 2007 *HK$'000*	Taiwan 2007 *HK$'000*	Total 2007 *HK$'000*
Gross segment sales	763,624	327,110	24,701	1,115,435
Inter-segment sales	(160,244)	(20,966)	–	(181,210)
	603,380	306,144	24,701	934,225
Segment results	30,099	37,593	(6,718)	60,974
Finance costs				(2,199)
Share of profit of an associate	–	58,002	–	58,002
Profit before income tax				116,777
Income tax expense				(11,315)
Profit attributable to equity holders of the Company				105,462
Segment assets	257,328	293,911	20,148	571,387
Interest in an associate	–	864,389	–	864,389
Taxation recoverable				3,770
Deferred income tax assets				9,900
Total assets				1,449,446
Segment liabilities	76,884	73,300	4,424	154,608
Taxation payable				8,814
Deferred income tax liabilities				1,697
Total liabilities				165,119
Capital expenditure	16,645	10,067	1,459	28,171
Depreciation of property, plant and equipment	11,395	8,586	1,867	21,848
Amortisation of leasehold land and land use rights	1,675	332	–	2,007
Amortisation of intangible assets	2,332	2,359	491	5,182
(Write-back of)/provision for inventory obsolescence	(1,163)	(2,740)	993	(2,910)
Provision for impairment of receivables	–	268	596	864

Secondary reporting format – business segments

The Group's principal activities are retailing, wholesaling and manufacturing of footwear. No business segment information has been prepared by the Group for the years ended 28 February 2007 and 29 February 2008 as less than 10% of the Group's turnover and results are attributable to wholesaling and manufacturing.

3. Other gains, net

	2008	2007
	HK$'000	*HK$'000*
Net foreign exchange gains	**6,296**	2,109
Fair value gains on investment properties	**10,000**	3,012
Fair value losses on derivative financial instruments	**–**	(420)
Gain on disposal of a subsidiary	**5,818**	–
Realisation of assets revaluation reserve upon disposal of a subsidiary	**6,600**	–
	28,714	4,701

4. Expenses by nature

	2008	2007
	HK$'000	*HK$'000*
Auditor's remuneration	**2,138**	1,569
Depreciation of property, plant and equipment	**23,281**	21,848
Amortisation of leasehold land and land use rights	**1,070**	2,007
Amortisation of intangible assets	**6,228**	5,182
Cost of inventories sold	**379,618**	354,336
Loss on disposal of property, plant and equipment	**51**	1,243
Employee benefit expenses (including directors' emoluments):		
– Wages, salaries and allowances	**165,440**	149,970
– Share-based payments in relation to share options granted to directors and employees	**9,982**	8,344
– Pension costs	**4,547**	4,333
Write-back of inventory obsolescence	**–**	(2,910)
Provision for impairment of receivables	**156**	864
Operating leases rentals in respect of leasehold land and buildings, including contingent rental expenses of HK$74,104,000 (2007: HK$93,295,000)	**254,864**	228,626
Outgoings in respect of investment properties	**118**	172
Others	**108,043**	107,666
Total cost of sales, distribution and selling costs, and administrative expenses	**955,536**	883,250

5. Finance costs

	2008	2007
	HK$'000	*HK$'000*
Interest on bank loans	**379**	2,199

6. Income tax expense

Hong Kong profits tax has been provided at the rate of 17.5% (2007: 17.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the geographical areas in which the Group operates.

The amount of income tax charged to the consolidated income statement represents:

	2008	2007
	HK$'000	*HK$'000*
Current income tax		
– Hong Kong profits tax	**7,506**	5,937
– Overseas taxation	**7,257**	4,889
– (Over)/under-provision in prior years	**(1,867)**	2,065
Deferred income tax	**994**	(1,576)
Income tax expense	**13,890**	11,315

7. Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2008	2007
Profit attributable to equity holders of the Company (HK$'000)	**3,466,480**	105,462
Weighted average number of ordinary shares in issue	**260,923,000**	254,530,000
Basic earnings per share (HK cents per share)	**1,328.5**	41.4

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: share options. For the share options, a calculation is made in order to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2008	2007
Profit attributable to equity holders of the Company (HK$'000)	**3,466,480**	105,462
Weighted average number of ordinary shares in issue	**260,923,000**	254,530,000
Adjustments for share options	**8,668,000**	2,650,000
Weighted average number of ordinary shares for diluted earnings per share	**269,591,000**	257,180,000
Diluted earnings per share (HK cents per share)	**1,285.8**	41.0

8. Appropriation

	2008	2007
	HK$'000	*HK$'000*
2008 Interim cash dividend, paid, of HK2.5 cents (2007: HK1.5 cents) per ordinary share	**6,558**	3,818
Distribution in specie	**3,459,654**	–
	3,466,212	3,818

On 22 November 2007, the interim cash dividend of HK2.5 cents (2007: HK1.5 cents) per ordinary share, totalling HK$6,558,000, was declared.

After having obtained approval of the shareholders in the annual general meeting held on 27 July 2007, the Company distributed in specie of 71 shares in Belle International Holdings Limited ("Belle Shares") for every 50 shares of the Company ("Shares") in each holding of the Shares of the Company's shareholders. The making of the distribution in specie by the Company has resulted in the consolidated net asset value of the Group decreasing by approximately HK$3,459,654,000, which was equal to the then fair value of approximately HK$3,453,023,000 of the Belle Shares distributed pursuant thereto and related stamp duty of approximately HK$6,631,000. Upon such distribution in specie by the Company, the Group has derived a profit of approximately HK$264,471,000 therefrom, representing the realisation of the cumulative gain on the increase in fair value of available-for-sale financial assets.

At a meeting held on 26 May 2008, the directors resolved not to recommend the payment of final dividend (2007: Nil).

9. Interest in an associate

Movements of interest in an associate are as follows:

	2008	2007
	HK$'000	*HK$'000*
At beginning of year	**864,389**	59,343
Share of fair value gain of an associate	**2,356,011**	747,480
Share of realisation of available-for-sale financial assets reserve	**(3,103,491)**	–
Cash dividend received	**(21,000)**	–
Distribution in specie received	**(3,210,000)**	–
Share of profit	**3,114,499**	58,002
Currency translation differences	**–**	(436)
At end of year	**408**	864,389

Best Quality Investments Limited ("Best Quality"), a company incorporated in Samoa, is the Group's associate in which the Group holds 30% interests.

On 1 May 2007, Best Quality declared an interim cash dividend of HK$21,000,000 which was paid on 8 June 2007.

On 18 June 2007, Best Quality declared a distribution in specie of all the 1,250,000,000 Belle Shares held by it to its shareholders, pursuant to which the Group has received 375,000,000 Belle Shares. Upon such distribution in specie by Best Quality, the Group has derived a profit of approximately HK$3,093,092,000 therefrom, representing the share of realisation of the cumulative gain on the increase in fair value of available-for-sale financial assets held by an associate.

10. Inventories

	2008	2007
	HK$'000	*HK$'000*
Raw materials	**2,268**	2,873
Work in progress	**48**	420
Finished goods	**271,248**	211,660
	273,564	214,953
Less: Provision for inventories	**(32,901)**	(32,901)
	240,663	182,052

The cost of inventories recognised as expense and included in cost of sales amounted to approximately HK$379,618,000 (2007: HK$354,336,000).

The Group has written-back provisions of HK$15,656,000 (2007: HK$18,890,000) relating to those inventories that were subsequently sold during the year. The write-back was included in cost of sales in the income statement.

11. Trade receivables

Other than cash and credit card sales, the majority of the Group's credit sales is on a credit term of 30 – 60 days. As at 29 February 2008, the ageing analysis of the trade receivables was as follows:

	2008	2007
	HK$'000	*HK$'000*
0 – 30 days	**76,398**	66,785
31 – 60 days	**7,541**	2,540
61 – 90 days	**2,040**	1,638
Over 90 days	**14,935**	10,321
	100,914	81,284
Less: Provision for impairment of receivables	**(674)**	(638)
	100,240	80,646

12. Trade payables

As at 29 February 2008, the ageing analysis of the trade payables was as follows:

	2008	2007
	HK$'000	*HK$'000*
0 – 30 days	**54,367**	29,367
31 – 60 days	**7,195**	4,929
61 – 90 days	**467**	2,220
Over 90 days	**14,181**	12,150
	76,210	48,666

13. **Events after the balance sheet date**

On 18 April 2008, a composite document was issued jointly by Belle Group Limited ("BGL", a wholly-owned subsidiary of Belle International Holdings Limited ("Belle")) and the Company to inform the shareholders and optionholders of the Company that DBS Asia Capital Limited was making a voluntary conditional cash offer on behalf of BGL to acquire all of the issued and to be issued shares in the share capital (the "Share Offer"), and for the cancellation of all the outstanding share options (the "Option Offer"), of the Company. BGL announced that the Share Offer and the Option Offer had become unconditional in all respects on 9 May 2008.

As at 23 May 2008, valid acceptances of (i) the Share Offer have been received in respect of 258,058,000 Shares (representing approximately 98.38% of the issued share capital of the Company as at the date of this announcement); and (ii) the Option Offer have been received in respect of the share options to subscribe for 16,420,000 Shares (representing 100% of all outstanding share options as at the opening of the Option Offer).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the year, the Group recorded a turnover of HK$1,017,527,000, representing an increase of 8.92%, compared with last year. As a result of the increases in operating profit and share of profit of an associate, the profit attributable to equity holders of the Company increased to HK$3,466,480,000. The increase in operating profit (excluding realisation of available-for-sale financial assets reserve) was mainly due to the increases in the turnover and gross profit, a gain on disposal of a subsidiary holding a property in Shenzhen (details of which were disclosed in an announcement of 24 December 2007 and a circular of 9 January 2008) and a gain on disposal of a property in Macau.

Best Quality Investments Limited ("Best Quality"), a company incorporated in Samoa, is the Group's associate in which the Group holds 30% interest. On 18 June 2007, Best Quality declared a distribution in specie of all the 1,250,000,000 shares in Belle International Holdings Limited ("Belle Shares") held by it to its shareholders, pursuant to which the Group received 375,000,000 Belle Shares. On 27 July 2007, it was approved by the shareholders of the Company in the annual general meeting that the Company distributed in specie of 71 Belle Shares for every 50 shares of the Company to its shareholders.

The significant increase in share of profit of an associate was mainly due to the distribution in specie by Best Quality, the Group has derived a profit of approximately HK$3,093,092,000 therefrom, representing the share of realisation of the cumulative gain on the increase in fair value of available-for-sale financial assets held by an associate. In addition, upon the distribution in specie of Belle Shares by the Company, the Group has derived a profit of approximately HK$264,471,000 therefrom, representing the realisation of the cumulative gain on the increase in fair value of available-for-sale financial assets.

The Hong Kong and Macau market

During the year, customer spending in the local market was stimulated by the favourable economic conditions and the booming stock and property markets. Besides, our efforts in brand building and customer satisfaction improvement were proven to be successful. These had brought fruitful results to the Hong Kong and Macau market during the year. Nevertheless, the ever increasing operational expenses in particular rental and staff costs posed high pressure and great challenges to us.

The Group strengthened the operational management by focusing on store performance improvement as well as optimised the merchandise mix. As a result, the retail business in the Hong Kong and Macau market continued to progress steadily during the year. The gross profit margin of the retail business recorded an increase owing to the increased sales of exclusive international brand products and reduced the extent of promotion discounts to customers.

Notwithstanding the keen competition in the marketplace, the wholesale business recorded a promising result during the year. The Group is currently the exclusive footwear distributor of the US brands of Caterpillar, Merrell, Royal Elastics and Sebago; Italian brand of Geox; and the UK brand of Gola in Hong Kong and Macau and/or the Mainland China.

Compared with last year, the turnover increased by 8.70% to HK$655,891,000 whereas the operating profit (excluding realisation of available-for-sale financial assets reserve, and a gain on disposal of a property in Macau) increased by 25.63% to HK$37,813,000 in the Hong Kong and Macau market. At the end of April 2008, the Group operated 114 retail outlets in Hong Kong and Macau under the brands of Mirabell, Joy & Peace, Fiorucci, Inshoesnet and Geox.

The Mainland China market

Leveraging the rapid economic growth in the Mainland China, there is a huge demand for high quality international footwear products. During the year, the Group increased the retail outlets in particular by strengthening its market presence in the first tier cities and further penetrating into the second tier cities. In the meantime, the Group significantly increased marketing and promotional activities.

During the year, the Group implemented various polices in order to improve operational effectiveness and efficiency. The management ceased the operations of some non-performing retail outlets and opened more counters at well-positioned department stores where turnover rent shall be paid. In addition, the management further tightened and monitored cost controls particularly the turnover rent paid resulted from promotional activities organised by department stores and shopping malls as well as other operating costs.

Compared with last year, the turnover increased by 9.08% to HK$333,954,000 whereas the operating profit (excluding a gain on disposal of a subsidiary holding a property in Shenzhen) increased by 12.63% to HK$42,341,000. At the end of April 2008, the Group operated 220 retail outlets in Shenzhen, Guangzhou, Shanghai, Beijing, Tianjin, Dalian, Chengdu, Chongqing, Zhuhai, Xi'an, Wuhan, Wuxi, Dongguan, Harbin, Shijiazhuang, Panyu, Shenyang, Foshan, Hangzhou, Zhongshan, Changsha, Wenzhou, Changzhou and Kunming under the brands of Mirabell, Joy & Peace, Innet, Caterpillar, Merrell, Fiorucci and Kokopelli. In addition, there were 146 franchised retail outlets under the brand of Joy & Peace.

The Taiwan market

As the economy had been continuing to be sluggish, the management took extra caution to manage the business and particularly focused on improving store operational efficiency and strengthened our marketing activities. The Group will maintain the same number of retail outlets until the emergence of a turnaround in consumption sentiment.

Despite the continuing weak consumer sentiment in the Taiwan market, the turnover increased by 12.07% to HK$27,682,000 whereas the operating loss decreased by 79.52% to HK$1,376,000, compared with last year. At the end of April 2008, the Group operated 17 retail outlets under the brand of Fiorucci in Taiwan.

Outlook

The economy of Hong Kong and Macau has continued to show strong growth. The management believes that consumer sentiment will improve thanks to the rising incomes, the decreasing unemployment rate and the buoyant property market. It is expected that the robust consumption will support our business. On the contrary, the Group is faced with great challenges ahead in particular keen market competition and rising in rental and staff costs.

With the increase in purchasing power of the Mainland China customers as a result of the rapid economic growth in recent years, there is still great room for the Group to further expand the retail network in the Mainland China. In the future, the management shall further consolidate our retail business and in particular focusing on store performance improvement and operational efficiency.

After the 2008 election in Taiwan, the management expects that the market conditions of Taiwan will become better in the near future in light of the government re-focuses on improving economic conditions and cross straits relationship. The Group will put emphasis on strengthening brand management and marketing as well as closely monitoring cost controls in order to improve the overall performance. The management expects that the retail business in Taiwan can turnaround and achieve break-even in the coming year.

On 18 April 2008, a composite document was issued jointly by Belle Group Limited ("BGL", a wholly-owned subsidiary of Belle International Holdings Limited ("Belle")) and the Company to inform the shareholders and optionholders of the Company that DBS Asia Capital Limited was making a voluntary conditional cash offer on behalf of BGL to acquire all of the issued and to be issued shares in the share capital (the "Share Offer"), and for the cancellation of all the outstanding share options (the "Option Offer"), of the Company. BGL announced that the Share Offer and the Option Offer had become unconditional in all respects on 9 May 2008. As at the close of the Share Offer and the Option Offer on 23 May 2008, valid acceptances of (i) the Share Offer had been received in respect of 258,058,000 shares (representing approximately 98.38% of the issued share capital of the Company as at the date of this announcement); and (ii) the Option Offer had been received in respect of the share options to subscribe for 16,420,000 shares (representing 100% of all outstanding share options as at the opening of the Option Offer). It is noted that BGL intends to exercise the right under the Companies Law of the Cayman Islands to compulsorily acquire the shares of the Company not acquired by BGL under the Share Offer. On completion of the compulsory acquisition, the Company will become a wholly-owned subsidiary of Belle and an application will be made for the withdrawal of the listing of the shares from The Stock Exchange of Hong Kong Limited.

Looking ahead, the management is confident that our multi-brand business model meets the demand of customers at different market segments. The Group will reinforce brand development, pursue product quality improvement and customer service excellence. Meanwhile, the Group continues its strategic and prudent approach towards network expansion by closely monitoring different market circumstances. The management will place a strong emphasis on same store growth by further improving operational efficiency. All in all, in light of the positive economic outlook, the management is cautiously optimistic about the business performance in the future.

Liquidity and Financial Resources

Working capital of the Group increased from HK$271,814,000 to HK$490,796,000, and the current ratio and quick ratio were 3.87 and 2.46 times, respectively.

The inventory balance as at 29 February 2008 amounted to HK$240,663,000. Compared with the inventory balance of HK$182,052,000 as at 28 February 2007, an increase was recorded. As at 29 February 2008, the Group had bank balances and cash of HK$278,541,000 and outstanding bank borrowings of nil. During the year, the Group raised new short-term bank loans of HK$37,337,000 for the financing of working capital and short-term bank loans of HK$63,923,000 were settled.

As at 29 February 2008, the gearing ratio of the Group was 0 (28 February 2007: 0.02) which was calculated on the Group's total borrowings of nil (28 February 2007: HK$25,008,000) and the total equity of HK$596,315,000 (28 February 2007: HK$1,284,327,000).

Treasury Policies

The Group continued to adopt a conservative approach to financial risk management. The Group's borrowings were in Hong Kong dollars and Renminbi and were arranged on a floating rate basis. As at 29 February 2008, the Group did not employ any financial instrument. The Group's treasury management policy is not to engage in any highly leveraged or speculative derivative products. With low gearing ratio and sound financial position, the management believes that the Group is well placed to avail itself to future expansion and investment opportunities.

Charge on Assets

As at 29 February 2008, the net book values of land and buildings pledged as security for certain banking facilities available to the Group amounted to approximately HK$9,935,000 (28 February 2007: HK$10,396,000).

Contingent Liabilities

As at 29 February 2008, the Group did not have any contingent liabilities (28 February 2007: Nil).

Human Resources

As at 29 February 2008, the Group had a total of 2,040 employees. The Group offers a competitive remuneration package to its employees, including insurance and medical benefits. In addition, discretionary bonus and share options may be granted to eligible employees based on the Group's performance and individual performance.

DEALINGS IN THE COMPANY'S LISTED SHARES

The Company did not redeem any of the Company's shares during the year. Neither the Company nor any of its subsidiaries had purchased or sold any of the Company's share during the year.

CORPORATE GOVERNANCE

The Company is committed to building and maintaining high standards of corporate governance. The Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), with certain deviations as mentioned below, throughout the year.

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Both roles of the Company are at present performed by Mr Tang Wai Lam holding the positions of Chairman and Managing Director. The Board believes that such appointment has served and is serving the Group well by providing unified leadership and direction and allowing corporate strategies to be developed and implemented more effectively. There is a strong independent element on the Board, which can exercise independent judgement and ensure a balance of power and authority. Throughout the year, independent non-executive directors represent more than one-third of the Board and executive directors do not comprise a majority of the Board.

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. The non-executive directors of the Company were appointed before the effectiveness of the CG Code and were not appointed for a specific term, but are subject to retirement by rotation at least once every three years.

CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Following a specific enquiry, each of the directors confirmed that he complied with the code of conduct regarding directors' securities transactions throughout the year, save as mentioned below.

In respect of the purchase of 46,000 shares of the Company by Madam Wong Lee Ling, Cathy ("Madam Wong"), the spouse of Mr Ng Man Kit, Lawrence ("Mr Ng") who is a director of the Company, on 18 June 2007, Rules A and B of the Model Code have not been complied with. In respect of the purchase of 4,000 shares of the Company by Madam Wong on 17 July 2007, Rule B of the Model Code has not been complied with. Mr Ng disclosed his deemed interests immediately after such dealings came into his attention. To address the non-compliance, the Company Secretary has re-explained to all of the directors of the Company the requirements set out in the Model Code.

REVIEW OF ACCOUNTS

The Audit Committee has reviewed with directors the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters, including a review of the annual results, related to the preparation of the 2007/2008 annual report.

The figures in respect of this preliminary announcement of the Group's results for the year ended 29 February 2008 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

DIVIDEND

The Board has resolved not to recommend a final dividend. An interim cash dividend of HK2.5 cents per share was declared on 22 November 2007.

CLOSURE OF REGISTER

The Register of Members of the Company will be closed from 25 June 2008 to 27 June 2008, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for attending and voting at the Annual General Meeting, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch Share Registrar, Tricor Abacus Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong no later than 4:00 p.m. on 24 June 2008.

By Order of the Board
Tang Wai Lam
Chairman

Hong Kong, 26 May 2008

As at the date of this announcement, the Company's executive directors are Mr Tang Wai Lam, Mr Ng Man Kit, Lawrence, Mr Chung Chun Wah and Mr Leung Kelvin Yiu Fai; independent non-executive directors are Mr Lee Kin Sang, Mr Chan Ka Sing, Tommy and Mr Ng Chun Chuen, David; non-executive director is Mr Lee Kwan Hung.