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 2008

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 2008 with comparative figures for the previous corresponding year are as follows:

CONSOLIDATED INCOME STATEMENT

	Note	**2008** *HK$'000*	2007 *HK$'000*
Turnover	3	**415,464**	352,217
Cost of sales		**(104,280)**	(73,689)
Gross profit		**311,184**	278,528
Other revenue	4	**3,158**	4,673
Other net income	4	**435**	485
Selling and distribution costs		**(196,390)**	(150,016)
Administrative and other operating expenses		**(60,428)**	(48,211)
Profit from operations		**57,959**	85,459
Finance costs		**(266)**	(365)
Net valuation gains/(losses) on			
– land and buildings		**2,159**	(55)
– investment properties		**2,490**	3,030
Profit before taxation	5	**62,342**	88,069
Income tax	6	**(10,043)**	(9,815)
Profit for the year		**52,299**	78,254
Dividends	7	**31,023**	47,942
Earnings per share	8		
Basic		**HK$0.19**	HK$0.28
Diluted		**HK$0.18**	HK$0.27

CONSOLIDATED BALANCE SHEET

	Note	**2008** HK$'000	**2008** HK$'000	2007 HK$'000	2007 HK$'000
Non-current assets					
Fixed assets					
– Investment properties			**16,020**		17,130
– Other fixed assets			**230,911**		165,334
			246,931		182,464
Other assets			**20,519**		13,558
Deferred tax assets			**3,227**		4,112
			270,677		200,134
Current assets					
Other financial assets		**490**		4,359	
Inventories		**84,376**		69,617	
Trade and other receivables	9	**56,098**		41,920	
Tax recoverable		**1,260**		1,695	
Cash and cash equivalents		**81,579**		90,306	
		223,803		207,897	
Current liabilities					
Trade and other payables	10	**60,209**		43,064	
Bank overdrafts		**1,499**		–	
Tax payable		**4,486**		5,446	
		66,194		48,510	
Net current assets			**157,609**		159,387
Total assets less current liabilities			**428,286**		359,521
Non-current liabilities					
Deferred tax liabilities			**19,204**		7,967
NET ASSETS			**409,082**		351,554
Capital and reserves					
Share capital			**2,821**		2,821
Reserves			**406,261**		348,733
TOTAL EQUITY			**409,082**		351,554

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 (the "Listing Rules").

2. Changes in accounting policies

The HKICPA has issued a number of new and revised HKFRSs and Interpretations that are first effective or available for early adoption for the current accounting period of the Group.

There have been no significant changes to the accounting policies applied in these financial statements for the years presented as a result of these developments. However, as a result of the adoption of HKFRS 7, *Financial instruments: Disclosures* and the amendment to HKAS 1, *Presentation of financial statements: Capital disclosures*, there have been some additional disclosures provided as follows:

As a result of the adoption of HKFRS 7, the financial statements include expanded disclosure about the significance of the Group's financial instruments and the nature and extent of risks arising from those instruments, compared with the information previously required to be disclosed by HKAS 32, *Financial instruments: Disclosure and presentation*.

The amendment to HKAS 1 introduces additional disclosure requirements to provide information about the level of capital and the Group's objectives, policies and processes for managing capital.

Both HKFRS 7 and the amendment to HKAS 1 do not have any material impact on the classification, recognition and measurement of the amounts recognised in the financial statements.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

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

	2008	2007
	HK$'000	*HK$'000*
Other revenue		
Interest income from bank deposits	**1,698**	2,526
Gross rental from investment properties	**650**	725
Service fee income	**420**	420
Compensation received	**–**	380
Interest income from held-to-maturity securities	**85**	186
Sundry income	**305**	436
	3,158	4,673
Other net income		
Net realised and unrealised gains/(losses) on equity securities	**23**	(39)
Net loss on sale of fixed assets	**(419)**	(569)
Net exchange gain	**831**	1,093
	435	485

5. Profit before taxation is arrived at after charging:

	2008	2007
	HK$'000	*HK$'000*
Interest on bank advances and other borrowings wholly repayable within five years	**266**	365
Depreciation	**17,834**	12,934

6. Income tax

	2008	2007
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
Provision for the year	**2**	2,241
Under-provision in respect of prior years	**57**	158
	59	2,399
Current tax – PRC		
Provision for the year	**9,199**	7,675
Deferred tax		
Origination and reversal of temporary differences	**653**	(259)
Effect of changes in tax rate on deferred tax balances	**132**	–
	785	(259)
	10,043	9,815

The provision for Hong Kong Profits Tax is calculated at 17.5% (2007: 17.5%) of the estimated assessable profits for the year. Taxation for the PRC and 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 7 Hong Kong cents (2007: 12 Hong Kong cents) per share in respect of the year, payable on or before 5 September 2008 in cash to shareholders whose names appear on the register of members of the Company at the close of business on 29 August 2008.

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

	2008	2007
	HK$'000	*HK$'000*
Interim dividend declared and paid of 4 Hong Kong cents per share (2007: 5 Hong Kong cents per share)	**11,281**	14,098
Final dividend proposed after the balance sheet date of 7 Hong Kong cents per share (2007: 12 Hong Kong cents per share)	**19,742**	33,844
	31,023	47,942

The final dividend of 7 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

	2008	2007
	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 (2007: 12 Hong Kong cents per share)	**33,844**	33,834

8. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of approximately HK$52,299,000 (2007: HK$78,254,000) and the weighted average number of 282,030,000 (2007: 281,962,932) 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$52,299,000 (2007: HK$78,254,000) and the weighted average number of 284,970,569 (2007: 284,627,074) ordinary shares after adjusting for the effects of all dilutive potential ordinary shares, calculated as follows:

Weighted average number of ordinary shares (diluted)

	2008	2007
	Number of shares	*Number of shares*
Weighted average number of ordinary shares at 31 March	**282,030,000**	281,962,932
Effect of deemed issue of ordinary shares under the Company's share option scheme for nil consideration	**2,940,569**	2,664,142
Weighted average number of ordinary shares (diluted) at 31 March	**284,970,569**	284,627,074

9. Trade and other receivables

Included in trade and other receivables are trade debtors (net of allowance for doubtful debts) with the following ageing analysis as of the balance sheet date:

	2008	2007
	HK$'000	*HK$'000*
Outstanding balances aged:		
Within 30 days	**11,672**	11,185
Between 31 to 90 days	**15,108**	10,039
Between 91 to 180 days	**9,213**	2,826
Between 181 to 365 days	**2,157**	2,013
Over 365 days	**217**	1,953
	38,367	28,016

Trade debtors are due within 30 to 90 days from the date of billing.

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:

	2008	2007
	HK$'000	*HK$'000*
Outstanding balances aged:		
Within 30 days	**7,128**	5,606
Between 31 to 90 days	**2,350**	1,544
Over 90 days	**760**	1,111
	10,238	8,261

11. Segment information

The Group comprises the following main geographical segments:

	Hong Kong		Outside Hong Kong		Unallocated		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**232,998**	208,078	**182,466**	144,139	**–**	–	**415,464**	352,217
Other revenue from external customers	**–**	–	**–**	–	**650**	725	**650**	725
Total	**232,998**	208,078	**182,466**	144,139	**650**	725	**416,114**	352,942
Segment result	**19,553**	46,693	**34,813**	33,608			**54,366**	80,301
Unallocated operating income and expenses							**3,593**	5,158
Profit from operations							**57,959**	85,459
Finance costs							**(266)**	(365)
Net valuation gains on land and buildings and investment properties							**4,649**	2,975
Income tax							**(10,043)**	(9,815)
Profit for the year							**52,299**	78,254
Depreciation for the year	**7,554**	5,888	**10,280**	7,046			**17,834**	12,934
(Reversal of)/impairment losses on								
– trade receivables	**–**	–	**(1,000)**	1,201			**(1,000)**	1,201
– fixed assets	**344**	–	**–**	–			**344**	–

	Hong Kong		Outside Hong Kong		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**225,753**	169,185	**162,992**	117,539	**388,745**	286,724
Unallocated assets					**105,735**	121,307
Total assets					**494,480**	408,031
Segment liabilities	**34,603**	28,826	**25,606**	14,238	**60,209**	43,064
Unallocated liabilities					**25,189**	13,413
Total liabilities					**85,398**	56,477
Capital expenditure incurred during the year	**10,892**	15,136	**13,186**	17,141		

Additional information concerning geographical segments:

	Hong Kong		Outside Hong Kong	
	2008	2007	**2008**	2007
Segment assets by the location of assets	**235,613**	176,811	**153,132**	109,913
Capital expenditure incurred during the year by the location of assets	**10,718**	11,354	**13,360**	20,923

REVIEW OF OPERATIONS

During the year under review, the Group opened the first retail outlet of *COCCINELLE*, an Italian fashion accessories brand, in IFC Mall in Central, Hong Kong. In addition, the first two retail outlets of *REISS*, a UK high street fashion brand, had been opened in the shopping malls of Time Square and Gateway. For the French accessories brand *SEQUOIA*, the point of sales was established in the *imaroon* shop at the shopping mall of Langham Place during the year. By establishing retail outlets in the shopping districts with high pedestrian flows, with the increased variety of product combination, the Group successfully expanded the customer base and introduced the new brand mix of the Group to the market. The Group had organized marketing activities to increase the brand awareness in respect of these European brands.

During the year under review, the Group adjusted its sales network in the mainland China under the three house brands, *MOISELLE*, *mademoiselle* and *imaroon*, of the Group. There were 64 *MOISELLE* stores (2007: 67) operating in the mainland China as at 31 March 2008. 42 (2007: 49) out of the 64 (2007: 67) stores were operated as consignment stores and 5 (2007: Nil) were retail shops. The remaining ones were operated by franchisees. The sales network of the brands *mademoiselle* and *imaroon* was increased in the mainland China region during the year. There were 11 (2007: 6) *mademoiselle* stores and 13 (2007: 15) *imaroon* stores operating as at 31 March 2008. Newly opened stores were located in cities of Jinhua, Nanjing, Guangzhou, Kunming, Shanxi, Shenyang, Shijiazhuang, Wuhan, Changshou, etc. The adjustment in sales network aimed at capturing the most suitable locations in the competitive market and diverse cities in China. The multi-brand strategies had kept bringing competitive edge and synergy effects on the brand building and increase potential in the China fashion retail market.

The established network in the market in the mainland China region continued to provide growth momentum to the Group and to increase the brand exposure in major and second- to third-tiers cities. With integrated marketing strategies, activities in both Hong Kong and China regions had delivered and strengthened new brand image and new design concepts for products of *MOISELLE* during the year.

In Hong Kong, the Group operated 18 *MOISELLE*, 4 *mademoiselle* and 7 *imaroon* (2007: 17 *MOISELLE*, 4 *mademoiselle* and 7 *imaroon*) retail outlets as at 31 March 2008. The three brands were separately managed with each having its own distinctive target customers. The design teams for each brands worked out their own line plans and image stories from different creative sources of fashion trends. The Group's retail operations, however, were managed to arrive at objectives in the most effective and efficient manner.

Two (2007: one) stores of *MOISELLE* was maintained during the year in Macau. The shop opened at the Grand Canal Shoppes, Venetian during the year was the Group's flagship store in Macau. With the increased tourists traveling to and expatriates staying in Macau, the demand of prestigious fashion products is expected to grow and the Group will continue to introduce more attractive and valuable fashion apparel and accessories products into the market.

At 31 March 2008, the Group operated in Taiwan market 9 *MOISELLE* stores (2007: 6), in Taipei, Taoyuan, Kaohsiung and Hsinchu. With the rebuilt sales network in Taiwan, the Group had started to gradually change certain stores to self-managed shops during the year.

FINANCIAL REVIEW

Overview

The Group's turnover increased by approximately 18% to approximately HK$415,464,000 (2007: HK$352,217,000) during the year ended 31 March 2008 as compared with 2007. As the development of sales network in the PRC had generated improved performance, the revenue of the region outside Hong Kong increased by 27% to approximately HK$182,466,000 (2007: HK$144,139,000) during the period under review. The exploration of the markets outside Hong Kong had successfully increased the segment turnover ratio from approximately 41% of 2007 to approximately 44% for the year ended 31 March 2008.

The revenue earned from Hong Kong segment increased by approximately 12% to HK$232,998,000 (2007: HK$208,078,000) which was mainly attributable to the stronger performance of *MOISELLE* brand after refreshment of the brand image and the introduction of new brands from Europe into Hong Kong market during the financial year under review.

During the year under review, the Group's gross profit margin was approximately 74.9%, as compared to approximately 79.1% of the previous year. The decrease in gross profit margin was attributed by the moderate increase in labour costs and manufacturing overhead combined with slight increase in raw material costs. Operating expenses for the year ended 31 March 2008 totaled approximately HK$256,818,000, compared to approximately HK$198,227,000 for 2007, increased by approximately 30%. The increase in operating expenses was due to the increase in new shops for European brands in Hong Kong market and adjustment of sales network in the mainland China. Major components of such increase came from rent, staff cost, transportation and other selling and distribution costs. As a result, the overall operational efficiency was decreased and the operating margin became 14.0% (2007: 24.3%).

The profit for the year ended 31 March 2008 was approximately HK$52,299,000 (2007: HK$78,254,000), decreased by approximately HK$25,955,000, 33%. The decrease was resulted from the increase in cost of sales and operating expenses in a significantly greater rate as compared to that of the increase in turnover.

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$82 million (2007: HK$90 million). As at 31 March 2008, the Group maintained aggregate composite banking facilities of approximately HK$87 million (2007: HK$90 million) with various banks, of which approximately HK$5 million (2007: HK$2 million) were utilised.

The Group continues to enjoy healthy financial position. As at 31 March 2008, the current ratio (current assets divided by current liabilities) was approximately 3.4 times (2007: 4.3 times) and the gearing ratio (aggregate of bank borrowings and finance lease payables divided by shareholders' equity) was 0.4% (2007: Nil).

Charge on assets

As at 31 March 2008, a property of the Group with a carrying amount of HK$4 million (2007: HK$2 million) is pledged to secure certain banking facilities granted to the Group.

Contingent liabilities

As at 31 March 2008, the Company had contingent liabilities in relation to guarantees given to banks against facilities extended to certain wholly owned subsidiaries amounting to approximately HK$5 million (2007: HK$2 million).

During the year ended 31 March 2008, the Company has also issued a single guarantee to a supplier against obligations or sums payable for goods and services supplied to a wholly owned subsidiary. At 31 March 2008, such obligations amounted to HK$1 million (2007: $Nil).

OUTLOOK

The fashion retail market in Hong Kong and mainland China has become increasingly competitive and the Group will continue the design focused strategies to increase its competitive edge and improve the market potential of its products. Increased resources have been allocated to research and development of products for coming seasons. Refreshed design and styling for *MOISELLE* brand products have been launched and well received by the market. The Group keeps its brands with rejuvenated life cycles in order to secure the vitality and marketability of the related products.

Other than the shops opened in last year, the Group has opened one more *REISS* shop in the Festival Walk shopping mall after the year end. In the coming year, the Group will continue to build up the image of the European brands operated and cooperate with respective principals to increase marketing activities and expand the customer base.

The Group will also take the growth in economy in mainland China as future focus in business development. Not only the current favorable economic atmosphere caused by the Beijing Olympic effects, the long term development of the China economy is considered contributory to positive returns for the Group's business. The Group is going to expand its sales network in both Beijing and Shanghai to achieve higher market penetration in these cities.

By expanding sales network and operating multiple brands, the Group will keep on providing the valuable fashion products with unique and irresistible characteristics to its faithful customers. The Board will review and analyze the performance of each individual brand within the Group in order to increase the return to our shareholders. Moreover, the Board will also closely monitor the cost management in the processes of the Group's development in both the short to medium terms.

EMPLOYEES

As at 31 March 2008, the Group employed 1,355 (2007: 1,146) 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 and 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 2008. 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 2008.

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 2008.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 27 August 2008 to 29 August 2008 (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 4:30 p.m. on Tuesday, 26 August 2008.

By Order of the Board
Chan Yum Kit
Chairman

Hong Kong, 22 July 2008

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.