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)

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2008

The board of directors (the "Board") of Moiselle International Holdings Limited (the "Company") is pleased to announce that the unaudited interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 September 2008, together with the comparative figures for the corresponding period in 2007, were as follows:

CONSOLIDATED INCOME STATEMENT

		Unaudited Six months ended 30 September	
(in HK$'000)	*Note*	**2008**	2007
Turnover		**189,628**	173,804
Cost of sales		**(38,646)**	(37,545)
Gross profit		**150,982**	136,259
Other revenue		**1,998**	1,768
Other net income		**3,250**	3,113
Selling and distribution costs		**(109,940)**	(84,462)
Administrative and other operating expenses		**(32,501)**	(29,321)
Profit from operations		**13,789**	27,357
Finance costs		**(114)**	(125)
Profit before taxation	3	**13,675**	27,232
Income tax	4	**(3,607)**	(3,808)
Profit for the period		**10,068**	23,424
Interim dividend			
2008/2009 interim	5	**5,641**	11,281
Earnings per share	6		
Basic		**$0.04**	$0.08
Diluted		**$0.04**	$0.08

CONSOLIDATED BALANCE SHEET

(in HK$'000)	*Note*		**As at 30 September 2008 (Unaudited)**		As at 31 March 2008 (Audited)
Non-current assets					
Fixed assets					
– Investment properties			**16,020**		16,020
– Other fixed assets			**230,909**		230,911
			246,929		246,931
Other assets			**21,082**		20,519
Deferred tax assets			**3,300**		3,227
			271,311		270,677
Current assets					
Other financial assets		**–**		490	
Inventories		**101,525**		84,376	
Trade and other receivables	7	**43,424**		56,098	
Tax recoverable		**133**		1,260	
Cash and cash equivalents		**67,131**		81,579	
		212,213		223,803	
Current liabilities					
Trade and other payables	8	**59,233**		60,209	
Bank overdrafts		**3,063**		1,499	
Tax payable		**2,870**		4,486	
		65,166		66,194	
Net current assets			**147,047**		157,609
Total assets less current liabilities			**418,358**		428,286
Non-current liabilities					
Deferred tax liabilities			**19,204**		19,204
NET ASSETS			**399,154**		409,082
CAPITAL AND RESERVES					
Share capital			**2,821**		2,821
Reserves			**396,333**		406,261
TOTAL EQUITY			**399,154**		409,082

Notes:

1. **Basis of preparation**

These unaudited consolidated interim financial statements are prepared in accordance with the requirements of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited, including compliance with the Hong Kong Accounting Standard ("HKAS") 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants.

2. **Principal accounting policies**

The accounting policies and methods of computation used in the preparation of these interim financial statements are consistent with those used in the Group's annual financial statements for the year ended 31 March 2008, except in relation to the new and revised Hong Kong Financial Reporting Standards ("HKFRSs", which term collectively includes HKASs and Interpretations) which are effective for accounting periods beginning on or after 1 January 2008 and are adopted for the first time by the Group. The adoption of the new and revised HKFRSs has had no material impact on the accounting policies of the Group and the methods of computation in the Group's consolidated financial statements for the six month ended 30 September 2008.

3. **Profit before taxation**

Profit before taxation is arrived at after charging/(crediting):

	Unaudited Six months ended 30 September	
(in HK$'000)	**2008**	2007
Depreciation	**10,656**	8,811
Interest on bank advances and other borrowings wholly repayable within five years	**114**	125
Net realised and unrealised losses/(gains) on equity securities	**14**	(48)
Net gain on sale of fixed assets	**(44)**	(6)

4. **Income tax**

	Unaudited Six months ended 30 September	
(in HK$'000)	**2008**	2007
Current tax		
Hong Kong Profits Tax	**9**	126
PRC	**3,672**	3,507
	3,681	3,633
Deferred tax		
Origination and reversal of temporary differences	**(74)**	175
	3,607	3,808

The provision for Hong Kong Profits Tax is calculated at 16.5% (2007: 17.5%) of the estimated assessable profits for the six months ended 30 September 2008. Taxation for the People's Republic of China ("PRC") and overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant tax jurisdictions.

5. Interim dividend

The directors have declared an interim dividend of HK2.0 cents (2007/2008: HK4.0 cents) per share for the year ending 31 March 2009 payable to the shareholders on the register of members of the Company at the close of business on 14 January 2009. The relevant dividend warrants will be despatched to the shareholders on 21 January 2009.

6. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of approximately HK$10,068,000 (2007: HK$23,424,000) and the weighted average number of 282,030,000 (2007: 282,030,000) ordinary shares in issue during the period.

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of approximately HK$10,068,000 (2007: HK$23,424,000) and the weighted average number of 283,534,955 (2007: 285,266,516) ordinary shares after adjusting for the effects of all dilutive potential ordinary shares.

Reconciliations

	Unaudited Six months ended 30 September	
(Number of shares)	**2008**	2007
Weighted average number of ordinary shares used in calculating basic earnings per share	**282,030,000**	282,030,000
Effect of deemed issue of ordinary shares under the Company's share option scheme for nil consideration	**1,504,955**	3,236,516
Weighted average number of ordinary shares used in calculating diluted earnings per share	**283,534,955**	285,266,516

7. Trade and other receivables

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

(in HK$'000)	**As at 30 September 2008 (Unaudited)**	As at 31 March 2008 (Audited)
Outstanding balances with ages:		
Within 30 days	**12,143**	11,672
Between 31 to 90 days	**8,864**	15,108
Between 91 to 180 days	**2,092**	9,213
Between 181 to 365 days	**2,335**	2,157
Over 365 days	**237**	217
	25,671	38,367

Customers of wholesale business are generally granted with credit terms of 30 to 90 days. Collection of sales receipts from customers of retail business is conducted on a cash basis.

8. Trade and other payables

Included in trade and other payables are trade creditors with the following ageing analysis:

(in HK$'000)	**As at 30 September 2008 (Unaudited)**	As at 31 March 2008 (Audited)
Outstanding balances with ages:		
Within 30 days	**6,651**	7,128
Between 31 to 90 days	**3,651**	2,350
Over 90 days	**759**	760
	11,061	10,238

9. Segment reporting

Segment information is presented in respect of the Group's geographical segments. Information relating to geographical segments based on the location of customers is chosen because this is in line with the Group's management information reporting system.

Segment outside Hong Kong represents sales to customers located in the PRC, Taiwan and Macau.

No business segment analysis of the Group is presented because sales of fashion apparel and accessories is the only distinguishable business segment of the Group.

	Unaudited Six months ended 30 September							
	Hong Kong		**Outside Hong Kong**		**Unallocated**		**Consolidated**	
(in HK$'000)	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
Revenue from external customers	**104,123**	97,974	**85,505**	75,830	**–**	–	**189,628**	173,804
Other revenue from external customers	**–**	–	**–**	–	**288**	358	**288**	358
Total	**104,123**	97,974	**85,505**	75,830	**288**	358	**189,916**	174,162
Segment result	**3,674**	11,871	**4,867**	10,605			**8,541**	22,476
Unallocated operating income and expenses							**5,248**	4,881
Profit from operations							**13,789**	27,357
Finance costs							**(114)**	(125)
Income tax							**(3,607)**	(3,808)
Profit for the period							**10,068**	23,424

REVIEW AND PROSPECTS

The Group's turnover increased by approximately 9% to approximately HK$189,628,000 (2007: HK$173,804,000) during the six months ended 30 September 2008 compared with the corresponding period last year. As the established sales network in the PRC has generated improved performance, the revenue of the region outside Hong Kong increased by 13% to approximately HK$85,505,000 (2007: HK$75,830,000) during the period under review. The segment revenue reached approximately 45% of the Group's turnover during the period following the increasing trend of the past few years.

During the period, the Group's gross profit margin was approximately 79.6%, which is slightly higher than that for the corresponding period in 2007. The gross margin remained in the normal range of the brands under the Group.

Operating expenses for the six months ended 30 September 2008 totaled approximately HK$142,441,000, compared to approximately HK$113,783,000 for the same period last year with an increase of approximately 25%. The increase in operating expenses as compared to the same period last year was mainly attributed by the increase in rental expenses and staff costs under the highly competitive market conditions.

The profit for the period was approximately HK$10.1 million (2007: HK$23.4 million), approximately 57% lower than the corresponding period last year. The decrease is mainly attributable to the fact that the increase in operating expenses outweighed the increase in turnover and gross margin.

There were totally 68 *MOISELLE* (2007: 65 *MOISELLE*) stores located in various cities in the PRC as at 30 September 2008. 45 (2007: 46) out of the 68 (2007: 65) stores were operated as consignment stores and 8 (2007: one) were retail shops. The remaining ones were operated by franchisees. The Group also operated totally 18 *mademoiselle* (2007: 9 *mademoiselle*) and 12 *imaroon* (2007: 15 *imaroon*) stores in China at the end of the period under review. The new store locations for *mademoiselle* and *imaroon* brands included cities of Shenzhen, Xian, Chongqing, Nanchang, Guilin, Wuhan, Taizhou, Dalian and Shekou.

Concerning Hong Kong retail market, the Group operated 17 *MOISELLE*, 8 *imaroon* and 3 *mademoiselle* (2007: 17 *MOISELLE*, 7 *imaroon* and 4 *mademoiselle*) retail outlets as at 30 September 2008. There was two *MOISELLE* (2007: one *MOISELLE*) stores in Macau and 9 *MOISELLE*, one *mademoiselle* and one *imaroon* (2007: 11 *MOISELLE*) stores in Taiwan at the end of the period under review.

During the period, the Group opened the third *REISS* retail outlet in the Festival Walk shopping mall and maintained the *COCCINELLE* retail outlet in the IFC Mall in Central, Hong Kong. The other two retail outlets of *REISS* were located in Time Square and Gateway in Hong Kong. For *SEQUOIA* brand, the point of sale had been maintained in the *imaroon* shop at the shopping mall of Langham Place.

The management has continued to review the Group's business development under the current market conditions with the attack of the destructive financial tsunami. Various measures had been implemented by the Group to minimize the impact of the economic conditions. However, resources would still be concentrated in design and development and customer services enhancement in order to provide prestige brand choice to the customers.

FINANCIAL POSITION

During the period, the Group financed its operations with internally 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 financial period, the Group's aggregate fixed deposits and cash balances amounted to approximately HK$67 million (31 March 2008: HK$82 million). As at 30 September 2008, the Group maintained aggregate composite banking facilities of approximately HK$88 million (31 March 2008: HK$87 million) with various banks, of which approximately HK$8 million (31 March 2008: HK$5 million) was utilised.

The Group continues to enjoy healthy financial position. As at 30 September 2008, the current ratio (current assets divided by current liabilities) was approximately 3.3 times (31 March 2008: 3.4 times) and the gearing ratio (aggregate of bank borrowings and finance lease payables divided by shareholders' equity) was 0.8% (31 March 2008: 0.4%).

Commitments

Capital commitments outstanding at 30 September 2008 which were contracted for but not provided for in the financial statements were HK$155,000 (31 March 2008: HK$492,000).

Charge on assets

As at 30 September 2008, no (31 March 2008: carrying amount of approximately HK$4 million) property of the Group was pledged to secure certain banking facilities granted to the Group.

Contingent liabilities

At 30 September 2008, the Company had contingent liabilities in relation to guarantees given to banks against banking facilities extended to certain wholly owned subsidiaries amounted to approximately HK$7 million (31 March 2008: HK$5 million). The Company had also issued a single guarantee to a supplier against obligations or sums payable for goods and services supplied to a wholly owned subsidiary amounted to approximately HK$2 million (31 March 2008: HK$1 million).

EMPLOYEE

As at 30 September 2008, the Group employed 1,373 (31 March 2008: 1,355) 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 period.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions listed in the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules throughout the period of six months ended 30 September 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 standard set out in the Model Code throughout the period of six months ended 30 September 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 unaudited consolidated financial statements of the Group for the six months ended 30 September 2008.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 12 January 2009 to 14 January 2009, both days inclusive, during which period no transfer of shares will be effected. To qualify for the interim dividend, all transfer documents 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, for registration not later than 4:30 p.m. on Friday, 9 January 2009.

By Order of the Board
Chan Yum Kit
Chairman

Hong Kong, 22 December 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.