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 2009

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 2009 with comparative figures for the previous corresponding year are as follows:

CONSOLIDATED INCOME STATEMENT

	Note	**2009** *HK$'000*	2008 *HK$'000*
Turnover	3	**423,088**	415,464
Cost of sales		**(100,098)**	(104,280)
Gross profit		**322,990**	311,184
Other revenue	4	**2,237**	3,158
Other net income	4	**3,230**	435
Selling and distribution costs		**(236,606)**	(196,390)
Administrative and other operating expenses		**(63,949)**	(60,428)
Profit from operations		**27,902**	57,959
Finance costs		**(141)**	(266)
Net valuation (losses)/gains on			
– land and buildings		**(181)**	2,159
– investment properties		**(200)**	2,490
Profit before taxation	5	**27,380**	62,342
Income tax	6	**(7,323)**	(10,043)
Profit for the year		**20,057**	52,299
Dividends	7	**11,282**	31,023
Earnings per share	8		
Basic		**HK$0.07**	HK$0.19
Diluted		**HK$0.07**	HK$0.18

CONSOLIDATED BALANCE SHEET

	Note	2009 HK$'000	2009 HK$'000	2008 HK$'000	2008 HK$'000
Non-current assets					
Fixed assets					
– Investment properties			**15,820**		16,020
– Other fixed assets			**199,036**		230,911
			214,856		246,931
Other assets			**14,226**		20,519
Deferred tax assets			**3,002**		3,227
			232,084		270,677
Current assets					
Other financial assets		**–**		490	
Inventories		**73,349**		84,376	
Trade and other receivables	9	**47,185**		56,098	
Tax recoverable		**–**		1,260	
Cash and cash equivalents		**100,432**		81,579	
		220,966		223,803	
Current liabilities					
Trade and other payables	10	**49,507**		60,209	
Bank overdrafts		**–**		1,499	
Tax payable		**4,194**		4,486	
		53,701		66,194	
Net current assets			**167,265**		157,609
Total assets less current liabilities			**399,349**		428,286
Non-current liabilities					
Deferred tax liabilities			**15,395**		19,204
NET ASSETS			**383,954**		409,082
Capital and reserves					
Share capital			**2,821**		2,821
Reserves			**381,133**		406,261
TOTAL EQUITY			**383,954**		409,082

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 Interpretations and an amendment to HKFRSs and Interpretations that are first effective for the current accounting period of the Group. However, none of these developments has a significant impact on the Group's results of operations and financial position.

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

	2009	2008
	HK$'000	*HK$'000*
Other revenue		
Interest income from bank deposits	**887**	1,698
Gross rental from investment properties	**574**	650
Service fee income	**420**	420
Interest income from held-to-maturity securities	**–**	85
Sundry income	**356**	305
	2,237	3,158
Other net income		
Net realised and unrealised (losses)/gains on equity securities	**(14)**	23
Net gain/(loss) on sale of fixed assets	**37**	(419)
Net exchange gain	**3,207**	831
	3,230	435

5. Profit before taxation is arrived at after charging:

	2009	2008
	HK$'000	*HK$'000*
Interest on bank advances and other borrowings wholly repayable within five years	**141**	266
Depreciation	**23,233**	17,834

6. Income tax

	2009	2008
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
Provision for the year	**83**	2
Under-provision in respect of prior years	**74**	57
	157	59
Current tax – PRC		
Provision for the year	**7,046**	9,199
Deferred tax		
Origination and reversal of temporary differences	**128**	653
Effect of changes in tax rate on deferred tax balances	**(8)**	132
	120	785
	7,323	10,043

In February 2008, the Hong Kong Government announced a decrease in the Profits Tax rate from 17.5% to 16.5% applicable to the Group's operations in Hong Kong as from the year ended 31 March 2009. This decrease is taken into account in the preparation of the Group's 2009 financial statements. Accordingly, the provision for Hong Kong Profits Tax for 2009 is calculated at 16.5% (2008: 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 2 Hong Kong cents (2008: 7 Hong Kong cents) per share in respect of the year, payable on or before 4 September 2009 in cash to shareholders whose names appear on the register of members of the Company at the close of business on 28 August 2009.

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

	2009	2008
	HK$'000	*HK$'000*
Interim dividend declared and paid of 2 Hong Kong cents per share (2008: 4 Hong Kong cents per share)	**5,641**	11,281
Final dividend proposed after the balance sheet date of 2 Hong Kong cents per share (2008: 7 Hong Kong cents per share)	**5,641**	19,742
	11,282	31,023

The final dividend of 2 Hong Kong cents per share proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

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

	2009	2008
	HK$'000	*HK$'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of 7 Hong Kong cents per share (2008: 12 Hong Kong cents per share)	**19,742**	33,844

8. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of approximately HK$20,057,000 (2008: HK$52,299,000) and the number of 282,030,000 (2008: 282,030,000) 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 approximately HK$20,057,000 (2008: HK$52,299,000) and the number of 282,155,957 (2008: 284,970,569) ordinary shares after adjusting for the effects of all dilutive potential ordinary shares, calculated as follows:

Weighted average number of ordinary shares (diluted)

	2009 ***Number of shares***	2008 *Number of shares*
Number of ordinary shares at 31 March	**282,030,000**	282,030,000
Effect of deemed issue of ordinary shares under the Company's share option scheme for nil consideration	**125,957**	2,940,569
Number of ordinary shares (diluted) at 31 March	**282,155,957**	284,970,569

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:

	2009 ***HK$'000***	2008 *HK$'000*
Outstanding balances aged:		
Within 30 days	**16,060**	11,672
Between 31 to 90 days	**2,700**	15,108
Between 91 to 180 days	**752**	9,213
Between 181 to 365 days	**1**	2,157
Over 365 days	**–**	217
	19,513	38,367

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:

	2009	2008
	HK$'000	*HK$'000*
Outstanding balances aged:		
Within 30 days	**3,441**	7,128
Between 31 to 90 days	**353**	2,350
Over 90 days	**488**	760
	4,282	10,238

11. Segment information

The Group comprises the following main geographical segments:

	Hong Kong		Outside Hong Kong		Unallocated		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**232,444**	232,998	**190,644**	182,466	**–**	–	**423,088**	415,464
Other revenue from external customers	**–**	–	**–**	–	**574**	650	**574**	650
Total	**232,444**	232,998	**190,644**	182,466	**574**	650	**423,662**	416,114
Segment result	**4,679**	19,553	**17,756**	34,813			**22,435**	54,366
Unallocated operating income and expenses							**5,467**	3,593
Profit from operations							**27,902**	57,959
Finance costs							**(141)**	(266)
Net valuation (losses)/gains on land and buildings and investment properties							**(381)**	4,649
Income tax							**(7,323)**	(10,043)
Profit for the year							**20,057**	52,299
Depreciation for the year	**9,891**	7,554	**13,342**	10,280			**23,233**	17,834
Impairment losses charged/(reversed)								
– trade receivables	**–**	–	**195**	(1,000)			**195**	(1,000)
– fixed assets	**–**	344	**–**	–			**–**	344

	Hong Kong		Outside Hong Kong		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**189,167**	225,753	**142,197**	162,992	**331,364**	388,745
Unallocated assets					**121,686**	105,735
Total assets					**453,050**	494,480
Segment liabilities	**30,724**	34,603	**18,783**	25,606	**49,507**	60,209
Unallocated liabilities					**19,589**	25,189
Total liabilities					**69,096**	85,398
Capital expenditure incurred during the year	**5,036**	10,892	**10,226**	13,186		

Additional information concerning geographical segments:

Segment assets by the location of assets	**195,229**	235,613	**136,135**	153,132
Capital expenditure incurred during the year by the location of assets	**4,907**	10,718	**10,355**	13,360

REVIEW OF OPERATIONS

During the year under review, the Group maintained retail outlets of European brands including one (2008: one) retail outlet of *COCCINELLE*, an Italian fashion accessories brand, and three (2008: two) retail outlets of *REISS*, a UK high street fashion brand, and the point of sales of *SEQUOIA*, a French accessories brand in the *imaroon* shop at the shopping mall of Langham Place. The additional retail outlet of *REISS* was opened at the Festival Walk shopping mall during the year. By establishing retail outlets in the shopping districts with high pedestrian flows, in addition to strategically launched marketing campaigns, the Group successfully expanded the brand mix and increased the brand equity of the brands under the Group. The broadened customer base also contributed to the increase in the brand awareness of both the house brands and the European brands operated by the Group.

During the year under review, the Group opened the first *REISS* store in the mainland China in Sanlitun, Beijing. Besides, it maintained its sales network in the mainland China under the three house brands, *MOISELLE*, *mademoiselle* and *imaroon*, of the Group. There were 61 *MOISELLE* stores (2008: 64) operating in the mainland China as at 31 March 2009. 43 (2008: 42) out of the 61 (2008: 64) stores were operated as consignment stores and 11 (2008: 5) were retail shops. The remaining ones were operated by franchisees. The sales network of the brands *mademoiselle* and *imaroon* was adjusted in the mainland China region during the year. There were 15 (2008: 11) *mademoiselle* stores and 10 (2008: 13) *imaroon* stores operating as at 31 March 2009. The new store locations for *mademoiselle* and *imaroon* brands included cities of Shenzhen, Xian, Chongqing, Nanchang, Guilin, Wuhan, Taizhou, Dalian and Shekou. 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 future growth opportunities to the Group and to increase the brand exposure in the major and second-tiers cities. Under the implementation of integrated marketing and visual merchandising 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 16 *MOISELLE*, 3 *mademoiselle* and 7 *imaroon* (2008: 18 *MOISELLE*, 4 *mademoiselle* and 7 *imaroon*) retail outlets as at 31 March 2009. The three brands were separately managed with each having its own distinctive target customers. The design teams for each brands worked out their own collections and image stories from different creative sources of fashion trends. The Group's retail operations, however, were managed to pursuit for objectives in the most effective and efficient manner.

Two (2008: two) stores of *MOISELLE* was maintained during the year 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 2009, the Group operated in Taiwan market 7 *MOISELLE* stores (2008: 9) and one *mademoiselle* store (2008: Nil), in Taipei, Taoyuan and Hsinchu. With the rebuilt sales network in Taiwan, the Group had gradually changed all the stores in Taiwan to self-managed shops during the year.

FINANCIAL REVIEW

Overview

The Group's turnover increased by approximately 2% to approximately HK$423,088,000 (2008: HK$415,464,000) during the year ended 31 March 2009 as compared with 2008. As the established sales network in the PRC, Macau and Taiwan had generated improved performance, the revenue of the region outside Hong Kong increased by 4% to approximately HK$190,644,000 (2008: HK$182,466,000) during the year under review. The relatively stable markets outside Hong Kong had slightly increased the segment turnover ratio from approximately 44% of 2008 to approximately 45% for the year ended 31 March 2009.

The revenue earned from Hong Kong segment slightly decreased by approximately 0.2% to HK$232,444,000 (2008: HK$232,998,000) which was mainly due to the slow down of retail market in Hong Kong after the financial tsunami during the financial year under review.

During the year under review, the Group's gross profit margin was approximately 76%, as compared to approximately 75% of the previous year. The gross profit margin was maintained within the normal range of gross profit of the Group. Operating expenses for the year ended 31 March 2009 totaled approximately HK$300,555,000, compared to approximately HK$256,818,000 for 2008, increased by approximately 17%. 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 7% (2008: 14%).

The profit for the year ended 31 March 2009 was approximately HK$20,057,000 (2008: HK$52,299,000), decreased by approximately HK$32,242,000, 62%. The decrease was resulted from the increase in 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$100 million (2008: HK$82 million). As at 31 March 2009, the Group maintained aggregate composite banking facilities of approximately HK$68 million (2008: HK$87 million) with various banks, of which approximately HK$6 million (2008: HK$5 million) were utilised.

The Group continues to enjoy healthy financial position. As at 31 March 2009, the current ratio (current assets divided by current liabilities) was approximately 4.1 times (2008: 3.4 times) and the gearing ratio (aggregate of bank borrowings and finance lease payables divided by shareholders' equity) was zero (2008: 0.4%).

Charge on assets

As at 31 March 2009, no (2008: carrying value of approximately $4 million) investment properties and leasehold land and buildings were pledged to secure banking facilities granted to the Group.

Contingent liabilities

As at 31 March 2009, the Company had contingent liabilities in relation to guarantees given to banks against facilities extended to certain wholly owned subsidiaries. The above banking facilities amounting to approximately HK$68 million (2008: HK$87 million) were utilised to the extent of approximately HK$6 million (2008: HK$5 million).

During the year ended 31 March 2009, 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 2009, such obligations amounted to $1 million (2008: $1 million).

OUTLOOK

The fashion retail market in Hong Kong has faced the adverse effects of the financial tsunami which might last for a certain period of time in the coming year. The Group will continue to formulate focused strategies to increase its competitive edge and improve the market potential of its products. Increased resources will be allocated to research and development of product design, as well as marketing and visual merchandising for brand building, in the coming year. Renewed image and new styling for *MOISELLE* brand products will be launched and target at both existing and potential customers. The Group also continues to raise the customer service standards so that customers can enjoy the valuable shopping experience in the Group's shops.

Other than the shops opened in last year, the Group has opened one more *COCCINELLE* shop in the Gateway 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 improve product mix and to expand the customer base.

The Group will also take the growth in economy in mainland China as future focus in business development. Despite the economic fluctuations in the short term, the long term development of the China economy is considered contributory to positive returns to the Group's brand investments. The Group is going to expand its sales network in more cities, such as Shanghai and Hangzhou, to achieve increased market penetration in the country.

The Group will continue to enhance the brand equity under the multiple brand strategy. In addition, the Group will keep on refining the brand images of each brand under the Group. The Group will also allocate resources in developing overseas markets in order to gain more potential customers in future.

EMPLOYEES

As at 31 March 2009, the Group employed 1,241 (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 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 2009. 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 2009.

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 2009.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 26 August 2009 to 28 August 2009 (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, 25 August 2009.

By Order of the Board
Chan Yum Kit
Chairman

Hong Kong, 24 July 2009

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.