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 2011

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 2011 with comparative figures for the previous corresponding year are as follows:

CONSOLIDATED INCOME STATEMENT

	Note	2011 HK$'000	2010 HK$'000 (Restated)
Turnover	3	**486,088**	439,599
Cost of sales		**(90,220)**	(85,549)
Gross profit		**395,868**	354,050
Other revenue	4	**3,235**	1,986
Other net income/(loss)	4	**873**	(800)
Selling and distribution costs		**(247,820)**	(239,260)
Administrative and other operating expenses		**(64,508)**	(57,970)
Profit from operations		**87,648**	58,006
Finance costs		**(1)**	(3)
Valuation gains on			
– land and buildings		**–**	949
– investment properties		**5,000**	4,400
Share of losses of a jointly controlled entity		**(179)**	(90)
Profit before taxation	5	**92,468**	63,262
Income tax	6	**(13,910)**	(8,867)
Profit for the year		**78,558**	54,395
Attributable to:			
Equity shareholders of the Company		**78,558**	54,395
Earnings per share	7		
Basic		**HK$0.28**	HK$0.19
Diluted		**HK$0.28**	HK$0.19

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2011	2010
	HK$'000	*HK$'000*
		(Restated)
Profit for the year	**78,558**	54,395
Other comprehensive income for the year (after tax)		
Exchange differences on translation of financial statements of subsidiaries outside Hong Kong	**10,694**	514
Surplus on revaluation of land and buildings held for own use	**71,544**	48,090
	82,238	48,604
Total comprehensive income for the year	**160,796**	102,999
Attributable to:		
Equity shareholders of the Company	**160,796**	102,999

CONSOLIDATED BALANCE SHEET

	Note	31 March 2011 HK$'000	31 March 2011 HK$'000	31 March 2010 HK$'000	31 March 2010 HK$'000 (Restated)	1 April 2009 HK$'000	1 April 2009 HK$'000 (Restated)
Non-current assets							
Fixed assets							
– Investment properties			**25,220**		20,220		15,820
– Other fixed assets			**343,506**		247,752		199,036
			368,726		267,972		214,856
Interest in a jointly controlled entity			**–**		326		–
Other assets			**50,096**		12,929		14,226
Deferred tax assets			**6,793**		5,258		3,002
			425,615		286,485		232,084
Current assets							
Inventories		**63,193**		55,597		73,349	
Trade and other receivables	9	**49,349**		49,480		47,185	
Tax recoverable		**334**		2		–	
Cash and bank deposits		**170,661**		170,140		100,432	
		283,537		275,219		220,966	
Current liabilities							
Trade and other payables	10	**57,121**		53,197		49,507	
Tax payable		**9,921**		6,393		4,194	
		67,042		59,590		53,701	
Net current assets			**216,495**		215,629		167,265
Total assets less current liabilities			**642,110**		502,114		399,349
Non-current liabilities							
Deferred tax liabilities			**43,471**		24,898		13,851
NET ASSETS			**598,639**		477,216		385,498
Capital and reserves							
Share capital			**2,822**		2,821		2,821
Reserves			**595,817**		474,395		382,677
TOTAL EQUITY			**598,639**		477,216		385,498

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 two revised HKFRSs, a number of amendments to HKFRSs and two new Interpretations that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

– HKFRS 3 (revised 2008), *Business combinations*
– Amendments to HKAS 27, *Consolidated and separate financial statements*
– Improvements to HKFRSs (2009)
– HK(IFRIC) 17, *Distribution of non-cash assets to owners*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period, except for the amendments to HKAS 12, *Income taxes*, in respect of the recognition of deferred tax on investment properties carried at fair value under HKAS 40, *Investment property*. The amendments are effective for annual periods beginning on or after 1 January 2012, but as permitted by the amendments, the Group has decided to early adopt the amendments.

(a) Early adoption of the amendments to HKAS 12, *Income taxes*

The change in policy arising from the amendments to HKAS 12 is the only change which has had a material impact on the current and comparative periods. As a result of this change in policy, the Group now measures any deferred tax liability in respect of its investment properties with reference to the tax liability that would arise if the investment properties were disposed of at their carrying amounts at the balance sheet date. Previously, where these investment properties were held under leasehold interests, deferred tax was generally measured using the tax rate that would apply as a result of recovery of the asset's value through use.

This change in policy has been applied retrospectively by restating the opening balances at 1 April 2009 and 2010, with consequential adjustments to comparatives for the year ended 31 March 2010. As the Group's properties are located in Hong Kong, this has resulted in a reduction in the amount of deferred tax provided on valuation gains as follows:

	As previously reported HK$'000	*Effect of adoption of amendments to HKAS 12 HK$'000*	*As restated HK$'000*
Consolidated income statement for the year ended 31 March 2010			
Income tax expense	9,593	(726)	8,867
Profit for the year	53,669	726	54,395
Basic earnings per share	HK$0.19	–	HK$0.19
Diluted earnings per share	HK$0.19	–	HK$0.19
Consolidated balance sheet as at 31 March 2010			
Deferred tax liabilities	27,168	(2,270)	24,898
Retained profits	271,842	2,270	274,112
Consolidated balance sheet as at 1 April 2009			
Deferred tax liabilities	15,395	(1,544)	13,851
Retained profits	229,739	1,544	231,283

(b) Other changes in accounting policies as a result of developments in HKFRSs

The other developments resulted in changes in accounting policy but none of these changes in policy have a material impact on the current or comparative periods, for the following reasons:

– The impact of the majority of the revisions to HKFRS 3, HKAS 27 and HK(IFRIC) 17 have not yet had a material effect on the Group's financial statements as these changes will first be effective as and when the Group enters into a relevant transaction (for example, a business combination, a disposal of a subsidiary or a non-cash distribution) and there is no requirement to restate the amounts recorded in respect of previous such transactions.

– The impact of the amendments to HKFRS 3 (in respect of recognition of acquiree's deferred tax assets) and HKAS 27 (in respect of allocation of losses to non-controlling interests in excess of their equity interest) have had no material impact as there is no requirement to restate amounts recorded in previous periods and no such deferred tax assets or losses arose in the current period.

– As a result of the amendment to HKFRS 8, "Operating segments", arising from the "Improvements to HKFRSs (2009)" omnibus standard, the measure of total assets for each reportable segment is only required to be presented if it is regularly provided to the Group's chief operating decision maker ("CODM"). Segment assets of the Group are not reported to the Group's CODM regularly. As a result, reportable segment assets have not been presented in these financial statements.

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/(loss)

	2011	2010
	HK$'000	*HK$'000*
Other revenue		
Interest income from bank deposits	**1,676**	440
Gross rental from investment properties	**640**	574
Service fee income	**600**	420
Sundry income	**319**	552
	3,235	1,986
Other net income/(loss)		
Net gain/(loss) on disposal of fixed assets	**563**	(578)
Net exchange gain/(loss)	**310**	(222)
	873	(800)

5. Profit before taxation is arrived at after charging:

	2011	2010
	HK$'000	*HK$'000*
Interest on bank advances and other borrowings	**1**	3
Depreciation	**19,534**	21,153
Staff costs (excluding directors' remuneration)	**87,132**	82,215
Operating lease charges in respect of land and buildings	**150,112**	149,240

6. Income tax

	2011	2010
	HK$'000	*HK$'000*
		(Restated)
Current tax – Hong Kong Profits Tax		
Provision for the year	**5,729**	442
Under-provision in respect of prior years	**25**	15
	5,754	457
Current tax – Overseas		
Provision for the year	**9,550**	10,048
Deferred tax		
Origination and reversal of temporary differences	**(1,394)**	(1,632)
Effect of changes in tax rate on deferred tax balances	**–**	(6)
	(1,394)	(1,638)
	13,910	8,867

The provision for Hong Kong Profits Tax for 2011 is calculated at 16.5% (2010: 16.5%) of the estimated assessable profits for the year. 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.

In accordance with the relevant PRC corporate income tax laws, regulations and implementation guidance notes, the statutory income tax rate applicable to the Group's subsidiaries in Shenzhen changes from 15% to 25% progressively within five years from 1 January 2008 (2008: 18%; 2009: 20%; 2010: 22%; 2011: 24%; 2012: 25%). In addition, a subsidiary located in Shenzhen is entitled to enjoy a tax relief of a full reduction in the income tax rate for two years from 1 January 2007 and thereafter a 50% reduction in the income tax rate for the following three years.

During the year ended 31 March 2011, the applicable tax rates for subsidiaries domiciled in Taiwan and Singapore are 17% (2010: 25%) and 17% (2010: 17%) respectively.

The Group is subject to withholding tax at a rate of 10% (unless reduced by treaty) on distribution of profits generated after 31 December 2007 from the Group's foreign-invested enterprises in the PRC. As all of the Group's foreign-invested enterprises are directly and wholly owned by Hong Kong incorporated subsidiaries, a reduced rate of 5% is applicable in the calculation of this withholding tax. Deferred tax liabilities of HK$8,514,000 (2010: HK$4,968,000) have not been recognised in respect of the tax that would be payable on the distribution of these retained profits since these earnings are not intended to be distributed in the foreseeable future.

7. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK$78,558,000 (2010 (restated): HK$54,395,000) and the weighted average number of 282,055,000 (2010: 282,030,000) ordinary shares in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2011	2010
	'000	*'000*
Issued ordinary shares at beginning of the year	**282,030**	282,030
Effect of share options exercised	**25**	–
Weighted average number of ordinary shares at end of the year	**282,055**	282,030

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK$78,558,000 (2010 (restated): HK$54,395,000) and the weighted average number of 284,423,000 (2010: 282,030,000) ordinary shares calculated as follows:

Weighted average number of ordinary shares (diluted)

	2011	2010
	'000	*'000*
Weighted average number of ordinary shares at 31 March	**282,055**	282,030
Effect of deemed issue of ordinary shares under the Company's share option scheme for nil consideration	**2,368**	–
Number of ordinary shares (diluted) as at 31 March	**284,423**	282,030

The diluted earnings per share for the year ended 31 March 2010 is the same as the basic earnings per share as the potential ordinary shares are anti-dilutive.

8. Dividends

The Board recommended the payment of a final dividend of 13 Hong Kong cents (2010: 10 Hong Kong cents) per ordinary share in respect of the year, payable on or before 1 September 2011 in cash to shareholders whose names appear on the register of members of the Company at the close of business on 25 August 2011.

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

	2011	2010
	HK$'000	*HK$'000*
Interim dividend declared and paid of 4 Hong Kong cents per ordinary share (2010: 2 Hong Kong cents per ordinary share)	**11,285**	5,640
Final dividend proposed after the balance sheet date of 13 Hong Kong cents per ordinary share (2010: 10 Hong Kong cents per ordinary share)	**36,677**	28,203
	47,962	33,843

The final dividend of 13 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 of the Company attributable to the previous financial year, approved and paid during the year

	2011	2010
	HK$'000	*HK$'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of 10 Hong Kong cents per share (2010: 2 Hong Kong cents per share)	**28,203**	5,641

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:

	2011	2010
	HK$'000	*HK$'000*
Outstanding balances aged:		
Within 30 days	**13,843**	16,001
Between 31 to 90 days	**7,631**	2,351
Between 91 to 180 days	**410**	321
Between 181 to 365 days	**182**	382
	22,066	19,055

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:

	2011	2010
	HK$'000	*HK$'000*
Outstanding balances aged:		
Within 30 days	**3,598**	3,328
Between 31 to 90 days	**1,072**	2,776
Over 90 days	**508**	393
	5,178	6,497

11. Segment reporting

The Group manages its businesses by geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

– The Hong Kong operation represents the sales of house brands and imported brands in Hong Kong.

– The outside Hong Kong operation represents the manufacture of house brands in Mainland China and sales of house brands and imported brands in Mainland China, Macau, Taiwan and Singapore.

(a) Segment results

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. However, assistance provided by one segment to another, including sharing of assets, is not measured.

The measure used for reportable segment profit or loss is profit/(loss) from operations. Taxation charge/(credit) is not allocated to reportable segments.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 March 2011 and 2010 is set out below:

	Hong Kong		Outside Hong Kong		Total	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**239,323**	224,820	**246,765**	214,779	**486,088**	439,599
Inter-segment revenue	**42,141**	22,931	**37,207**	28,159	**79,348**	51,090
Reportable segment revenue	**281,464**	247,751	**283,972**	242,938	**565,436**	490,689
Reportable segment profit	**43,843**	26,812	**39,697**	30,008	**83,540**	56,820
Interest income from bank deposits	**223**	162	**1,453**	278	**1,676**	440
Interest expense	**(1)**	(3)	**–**	–	**(1)**	(3)
Depreciation and amortisation for the year	**(6,629)**	(8,937)	**(12,905)**	(12,216)	**(19,534)**	(21,153)
Impairment of						
– trade receivables	**–**	–	**(302)**	–	**(302)**	–
– fixed assets	**(169)**	(719)	**–**	–	**(169)**	(719)

(b) Reconciliation of reportable segment profit or loss

	2011	2010
	HK$'000	*HK$'000*
Revenue		
Total revenue from reportable segments	**565,436**	490,689
Elimination of inter-segment revenue	**(79,348)**	(51,090)
Consolidated revenue	**486,088**	439,599
Profit		
Reportable segment profit	**83,540**	56,820
Other revenue and net income/(loss)	**4,108**	1,186
Finance costs	**(1)**	(3)
Valuation gains on land and buildings and investment properties	**5,000**	5,349
Share of losses of a jointly controlled entity	**(179)**	(90)
Consolidated profit before taxation	**92,468**	63,262

(c) **Geographic information**

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's fixed assets and a jointly controlled entity ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, and the location of operations, in the case of interest in a jointly controlled entity.

	Revenues from external customers		**Specified non-current assets**	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (place of domicile)	**239,323**	224,820	**262,286**	202,536
Mainland China	**183,901**	174,385	**103,177**	63,100
Taiwan	**36,022**	25,720	**988**	1,379
Other countries	**26,842**	14,674	**2,275**	1,283
	246,765	214,779	**106,440**	65,762
	486,088	439,599	**368,726**	268,298

12. Restatement of comparatives

As a result of the adoption of the amendments to HKAS 12, *Income taxes*, certain comparative figures have been adjusted to reflect the decrease in accrual of deferred tax liabilities related to investment properties carried at fair value. Further details of these changes in accounting policies are disclosed in note 2.

REVIEW OF OPERATIONS

In Hong Kong, the Group operated 15 *MOISELLE*, 3 *mademoiselle* and 2 *imaroon* (2010: 15 *MOISELLE*, 3 *mademoiselle and* 5 *imaroon*) retail outlets as at 31 March 2011. 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 (2010: two) stores of *MOISELLE* were 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 2011, the Group operated in Taiwan market 11 *MOISELLE* stores (2010: 9) and 5 *mademoiselle* stores (2010: 5) in Taipei, Taoyuan, Hsinchu, Taichung, Kaohsiung, Chiayi and Tainan. With the expanded sales network in Taiwan, the Group had managed to penetrate the Group's brands into various districts in Taiwan during the year.

In the mainland China, the Group maintained its sales network under the three house brands, *MOISELLE, mademoiselle* and *imaroon*. There were 61 *MOISELLE* stores (2010: 60) operating in the mainland China as at 31 March 2011. 41 (2010: 41) out of the 61 (2010: 60) stores were operated as consignment counters in the department stores and 15 (2010: 13) were retail shops. The remaining ones were operated by franchisees. The sales network of the brands *mademoiselle* and *imaroon* was further adjusted in the mainland China region during the year. There were 9 (2010: 12) *mademoiselle* stores and one (2010: 6) *imaroon* store operating as at 31 March 2011. The continued 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-tier cities. Under the implementation of integrated marketing and visual merchandising strategies, activities in both Hong Kong and China regions had delivered and strengthened refreshed brand image and new look design concepts for products of *MOISELLE* during the year.

As at 31 March 2011, the Group operates one (2010: two) retail outlet of European brand *COCCINELLE*, an Italian fashion accessories brand, at Times Square shopping mall in Hong Kong. The retail outlet of *SEQUOIA*, a French fashion accessories brand, was maintained at the K11 shopping mall during the year which was operated by the jointly controlled entity of the Group. In the mainland China, one new *COCCINELLE* and one new *SEQUOIA* stores were opened in the MIXC shopping mall, Hangzhou by the Group during the year.

As at 31 March 2011, the Group maintained two (2010: one) *REISS* stores, a UK high street fashion brand, in the mainland China in the MIXC shopping mall, Hangzhou and Sanlitun, Beijing. Besides, the Group maintained one (2010: three) retail outlet of *REISS* at the Elements shopping mall, Hong Kong.

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.

FINANCIAL REVIEW

Overview

The Group's turnover increased by approximately 11% to approximately HK$486,088,000 (2010: HK$439,599,000) during the year ended 31 March 2011 as compared with 2010. As the established sales network in the mainland China, Macau and Taiwan had generated improved performance, the revenue of the region outside Hong Kong increased by approximately 15% to approximately HK$246,765,000 (2010: HK$214,779,000) during the year under review. The relatively stable markets outside Hong Kong had increased the segment turnover ratio from approximately 49% of 2010 to approximately 51% for the year ended 31 March 2011.

The revenue earned from Hong Kong segment increased by approximately 6% to approximately HK$239,323,000 (2010: HK$224,820,000) which was mainly due to the recovery of retail market in Hong Kong after the improvement in economy during the financial year under review.

During the year under review, the Group's gross profit margin was approximately 81%, as compared to the same approximately 81% of the previous year. The gross profit margin was maintained due to the sustained brand image which could demand higher premium on the products sold during the year. Operating expenses for the year ended 31 March 2011 totaled approximately HK$312,328,000, compared to approximately HK$297,230,000 for 2010, increased by approximately 5%. The overall operational efficiency was increased and the operating margin became 18% (2010: 13%).

The profit for the year ended 31 March 2011 was approximately HK$78,558,000 (2010 (restated): HK$54,395,000), increased by approximately HK$24,163,000, 44%. The increase was mainly the result of the increase in turnover and the effective management of operating expenses.

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$171 million (2010: HK$170 million). As at 31 March 2011, the Group maintained aggregate composite banking facilities of approximately HK$48 million (2010: HK$68 million) with various banks, of which approximately HK$15 million (2010: HK$7 million) were utilised.

The Group continues to enjoy healthy financial position. As at 31 March 2011, the current ratio (current assets divided by current liabilities) was approximately 4.2 times (2010: 4.6 times) and the gearing ratio (aggregate of bank borrowings and finance lease payables divided by shareholders' equity) was zero (2010: zero).

Contingent liabilities

As at 31 March 2011, the Company had contingent liabilities in relation to guarantees given to banks against facilities extended to certain wholly owned subsidiaries amounting to approximately HK$15 million (2010: HK$7 million).

During the year ended 31 March 2011, 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 2011, such obligations amounted to HK$3 million (2010: HK$3 million).

OUTLOOK

The Group will continue to formulate focused strategies to increase its competitive edge and improve the market potential of its products. Refreshed images 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 retail outlets.

New *MOISELLE* store in Macau and new *MOISELLE* stores in Taiwan have been opened after the year end, representing the Group's expansion in these markets. The European brand, *COCCINELLE*, will also open new store in Macau later this year.

The Group will also take the growth in economy in the 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 so as 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 2011, the Group employed 1,023 (2010: 1,108) 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 2011. 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 2011.

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 2011.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 23 August 2011 to 25 August 2011 (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 Monday, 22 August 2011.

By Order of the Board
Chan Yum Kit
Chairman

Hong Kong, 27 June 2011

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.