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 2012

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 2012, together with the comparative figures for the corresponding period in 2011, were as follows:

CONSOLIDATED INCOME STATEMENT

(in HK$'000)	*Note*	**Unaudited Six months ended 30 September 2012**	2011
Turnover		**182,630**	213,494
Cost of sales		**(32,916)**	(38,333)
Gross profit		**149,714**	175,161
Other revenue		**3,310**	2,443
Other net income/(loss)		**256**	(162)
Selling and distribution costs		**(113,653)**	(119,257)
Administrative and other operating expenses		**(35,461)**	(32,149)
Profit from operations		**4,166**	26,036
Finance costs		**(1)**	(1)
Share of losses of jointly controlled entities		**(311)**	(75)
Gain on disposal of property	10	**–**	65,516
Profit before taxation	4	**3,854**	91,476
Income tax	5	**13**	(12,329)
Profit for the period		**3,867**	79,147
Attributable to:			
Equity shareholders of the Company		**3,867**	79,147
Earnings per share	7		
Basic		**HK$0.01**	HK$0.28
Diluted		**N/A**	HK$0.28

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in HK$'000)	**Unaudited Six months ended 30 September 2012**	2011
Profit for the period	**3,867**	79,147
Other comprehensive income for the period (after tax):		
Exchange differences on translation of financial statements of subsidiaries outside Hong Kong	**149**	5,379
Total comprehensive income for the period	**4,016**	84,526
Attributable to:		
Equity shareholders of the Company	**4,016**	84,526

CONSOLIDATED BALANCE SHEET

(in HK$'000)	*Note*		**As at 30 September 2012 (Unaudited)**		As at 31 March 2012 (Audited)
Non-current assets					
Fixed assets					
– Investment properties			**29,010**		29,010
– Other fixed assets			**375,003**		373,457
			404,013		402,467
Interest in jointly controlled entities			**492**		–
Other assets			**11,285**		12,915
Deferred tax assets			**9,237**		8,972
			425,027		424,354
Current assets					
Inventories		**53,752**		49,499	
Trade and other receivables	8	**51,849**		54,451	
Tax recoverable		**1,527**		1,065	
Cash and bank deposits		**216,640**		267,908	
		323,768		372,923	
Current liabilities					
Trade and other payables	9	**39,855**		54,322	
Tax payable		**9,675**		12,112	
		49,530		66,434	
Net current assets			**274,238**		306,489
Total assets less current liabilities			**699,265**		730,843
Non-current liabilities					
Deferred tax liabilities			**49,200**		50,242
NET ASSETS			**650,065**		680,601
Capital and reserves					
Share capital			**2,880**		2,880
Reserves			**647,185**		677,721
TOTAL EQUITY			**650,065**		680,601

Notes:

1. Basis of preparation

These unaudited consolidated interim financial statements are prepared in accordance with the applicable disclosure provisions 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 2012, 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 2012 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 months ended 30 September 2012.

3. 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.

	Unaudited Six months ended 30 September					
	Hong Kong		**Outside Hong Kong**		**Total**	
(in HK$'000)	**2012**	2011	**2012**	2011	**2012**	2011
Revenue from external customers	**87,874**	102,404	**94,756**	111,090	**182,630**	213,494
Inter-segment revenue	**16,052**	15,952	**19,036**	16,205	**35,088**	32,157
Reportable segment revenue	**103,926**	118,356	**113,792**	127,295	**217,718**	245,651
Reportable segment profit	**8,810**	15,240	**(8,210)**	8,515	**600**	23,755
Other revenue and net income					**3,566**	2,281
Finance costs					**(1)**	(1)
Share of losses of jointly controlled entities					**(311)**	(75)
Gain on disposal of property					**–**	65,516
Profit before taxation					**3,854**	91,476

4. Profit before taxation

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

(in HK$'000)	**Unaudited Six months ended 30 September 2012**	2011
Depreciation	**12,849**	10,246
Impairment losses on fixed assets	**363**	835
Interest on bank advances	**1**	1
Net gain on disposal of fixed assets	**(430)**	–

5. Income tax

(in HK$'000)	**Unaudited Six months ended 30 September 2012**	2011
Current tax		
Hong Kong Profits Tax	**40**	10,775
Outside Hong Kong	**1,254**	2,042
	1,294	12,817
Deferred tax		
Origination and reversal of temporary differences	**(1,307)**	(488)
	(13)	12,329

The provision for Hong Kong Profits Tax is calculated at 16.5% (2011: 16.5%) of the estimated assessable profits for the six months ended 30 September 2012. 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.

6. Dividends

The directors have declared an interim dividend of HK3.0 cents (2011/2012: HK5.0 cents) per share for the year ending 31 March 2013 payable to the shareholders on the register of members of the Company at the close of business on 8 January 2013. The relevant dividend warrants will be despatched to the shareholders on 15 January 2013.

7. 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$3,867,000 (2011: HK$79,147,000) and the weighted average number of 287,930,000 (2011: 282,130,000) ordinary shares in issue during the period.

The diluted earnings per share for the six months ended 30 September 2012 is not presented as the Company does not have dilutive potential ordinary shares in existence during the period.

For the six months ended 30 September 2011, the calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of approximately HK$79,147,000 and the weighted average number of 284,953,650 ordinary shares after adjusting for the effects of all dilutive potential ordinary shares.

Reconciliations

(Number of shares)	**Unaudited Six months ended 30 September 2011**
Weighted average number of ordinary shares used in calculating basic earnings per share	**282,130,000**
Effect of deemed issue of ordinary shares under the Company's share option scheme for nil consideration	**2,823,650**
Weighted average number of ordinary shares used in calculating diluted earnings per share	**284,953,650**

8. 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 2012 (Unaudited)**	As at 31 March 2012 (Audited)
Outstanding balances aged:		
Within 30 days	**13,384**	14,736
Between 31 to 90 days	**2,011**	3,979
Between 91 to 180 days	**159**	511
Between 181 to 365 days	**32**	8
	15,586	19,234

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.

9. 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 2012 (Unaudited)**	As at 31 March 2012 (Audited)
Outstanding balances aged:		
Within 30 days	**2,764**	3,353
Between 31 to 90 days	**769**	531
Over 90 days	**74**	254
	3,607	4,138

10. Gain on disposal of property

On 16 June 2011, the Group entered into a binding provisional agreement for sale and purchase to dispose a property in Hong Kong at a consideration of HK$253,708,000. The disposal was completed on 29 June 2011 and the gain on disposal of approximately HK$65,516,000 was recognised in the consolidated income statement for the six months ended 30 September 2011.

REVIEW AND PROSPECTS

The Group's turnover decreased by approximately 14% to approximately HK$182,630,000 (2011: HK$213,494,000) during the six months ended 30 September 2012 compared with the corresponding period last year. Due to the fact that the newly established flagship store had not achieved satisfactory performance facing the current slowdown in Hong Kong retail market and the cessation of certain distributorship of overseas brand, the revenue of the Hong Kong region decreased by 14% to approximately HK$87,874,000 (2011: HK$102,404,000) during the period under review. The segment revenue represented approximately 48% of the Group's turnover during the period which highlighted the importance of the local market to the Group. The revenue of the outside Hong Kong region decreased by approximately 15% to approximately HK$94,756,000 (2011: HK$111,090,000) during the period under review mainly due to the significant deterioration of the mainland China market performance despite the continued improvement of performance in Macau market.

During the period, the Group's gross profit margin was approximately 82%, which was maintained as that for the corresponding period in 2011. The gross margin remained in the normal range of the brands under the Group.

Operating expenses for the six months ended 30 September 2012 totaled approximately HK$149,114,000, compared to approximately HK$151,406,000 for the same period last year with a slight decrease of approximately 2%. Despite the significant decrease in turnover, the pressure of increasing operating expenses in the areas of rental expenses and staff costs had caused the resulting disproportionately high level of operating expenses during the period under review.

The profit for the period was approximately HK$3.9 million (2011: HK$79.1 million), approximately 95% lower than the corresponding period last year. The profit for the period was approximately 84% lower than the corresponding period last year when excluding the gain on disposal of property (2011: HK$24.4 million). The decrease was mainly attributable to the decrease in turnover in various markets when the retail markets had undergone unfavorable adjustments during the period under review.

There were totally 55 *MOISELLE* (2011: 58 *MOISELLE*) stores located in various cities in the PRC as at 30 September 2012. 36 (2011: 38) out of the 55 (2011: 58) stores were operated as consignment stores and 16 (2011: 16) were retail shops. The remaining ones were operated by franchisees. The Group also operated totally 9 *mademoiselle* (2011: 7 *mademoiselle*) stores in China at the end of the period under review.

Concerning Hong Kong market, the Group operated 15 *MOISELLE*, one *imaroon* and 6 *mademoiselle* (2011: 15 *MOISELLE*, 2 *imaroon* and 4 *mademoiselle*) retail outlets as at 30 September 2012. There were two *MOISELLE* and one *mademoiselle* (2011: two *MOISELLE*) stores in Macau and 12 *MOISELLE* and 4 *mademoiselle* (2011: 15 *MOISELLE* and 4 *mademoiselle*) stores in Taiwan at the end of the period under review.

The Group operated one (2011: one) retail store of *MOISELLE* in Singapore during the period. The location was chosen at the Marina Bay Sands Shoppes which had high potential of raising brand awareness whilst the shopping mall brought about new customers to *MOISELLE* brand.

In Hong Kong market, the Group maintained one (2011: one) retail outlet of European brands *COCCINELLE*, an Italian fashion accessories brand and two (2011: one) retail outlets of *SEQUOIA*, a French accessories brand was operated by the jointly controlled entity of the Group during the period under review. The Group maintained one (2011: one) *COCCINELLE* retail outlet in TaiKoo Hui shopping mall, Guangzhou during the period. In Macau, the Group launched the first *COCCINELLE* store during the period under review. The Group had continued to support the new brand, *GERMAIN*, and maintained its retail store at Matheson Street, Causeway Bay. The new *GERMAIN* store in China was opened at Sanlitun, Beijing during the period under review. The brand would provide distinctive designs to modern, discerning women that are both desirable and practical for each season, with a sense of understated luxury and restrained elegance.

The management will continue to upgrade the brand image of *MOISELLE* with differentiated themes to capture new groups of customers with different niche requirements. In addition, resources would continue to be concentrated in design and development and customer services enhancement in order to provide prestige brand choice to the customers. More stringent measures will be implemented by the management to continuously improve efficiency of the Group's resources.

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$217 million (31 March 2012: HK$268 million). As at 30 September 2012, the Group maintained aggregate composite banking facilities of approximately HK$51 million (31 March 2012: HK$51 million) with various banks, of which approximately HK$6 million (31 March 2012: HK$5 million) was utilised.

The Group continues to enjoy healthy financial position. As at 30 September 2012, the current ratio (current assets divided by current liabilities) was approximately 6.5 times (31 March 2012: 5.6 times) and the gearing ratio (aggregate of bank borrowings and finance lease payables divided by shareholders' equity) was zero (31 March 2012: zero).

Commitments

Capital commitments outstanding at 30 September 2012 which were contracted for but not provided for in the financial statements were HK$0.5 million (31 March 2012: HK$2 million).

Contingent liabilities

At 30 September 2012, the Company and its subsidiaries had contingent liabilities in relation to guarantees given to banks against banking facilities extended to certain wholly owned subsidiaries amounted to approximately HK$6 million (31 March 2012: HK$5 million).

EMPLOYEE

As at 30 September 2012, the Group employed 918 (31 March 2012: 964) 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 and training programmes.

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.

CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions listed in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules throughout the period of six months ended 30 September 2012. 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 2012.

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 2012.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 4 January 2013 to 8 January 2013, 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 Thursday, 3 January 2013.

By Order of the Board
Chan Yum Kit
Chairman

Hong Kong, 28 November 2012

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.