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 2015

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 2015 with comparative figures for the previous corresponding year are as follows:

CONSOLIDATED INCOME STATEMENT

	Note	**2015** *HK$'000*	2014 *HK$'000*
Turnover	3	**419,965**	458,677
Cost of sales		**(70,422)**	(88,843)
Gross profit		**349,543**	369,834
Other revenue	5	**8,881**	6,915
Other net loss	5	**(1,200)**	(969)
Selling and distribution costs		**(273,822)**	(268,517)
Administrative and other operating expenses		**(76,760)**	(74,209)
Profit from operations		**6,642**	33,054
Finance costs		**(1)**	–
Valuation gains on investment properties		**11,432**	1,244
Valuation losses on land and buildings held for own use		**(1,750)**	–
Share of loss of associate		**(188)**	(219)
Share of profit/(loss) of joint venture		**505**	(1,019)
Profit before taxation	6	**16,640**	33,060
Income tax	7	**(5,309)**	(5,137)
Profit for the year		**11,331**	27,923
Attributable to:			
Equity shareholders of the Company		**11,331**	27,923
Earnings per share	8		
Basic		**HK$0.04**	HK$0.10
Diluted		**HK$0.04**	HK$0.10

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2015	2014
	HK$'000	*HK$'000*
Profit for the year	**11,331**	27,923
Other comprehensive income for the year (after tax)		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of subsidiaries outside Hong Kong	**(1,395)**	12,583
Items that will not be reclassified to profit or loss:		
Surplus on revaluation of land and buildings held for own use	**24,905**	18,637
	23,510	31,220
Total comprehensive income for the year	**34,841**	59,143
Attributable to:		
Equity shareholders of the Company	**34,841**	59,143

CONSOLIDATED BALANCE SHEET

		31 March 2015		31 March 2014	
	Note	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*
Non-current assets					
Fixed assets					
– Investment properties			**126,509**		63,263
– Other fixed assets			**395,567**		402,860
			522,076		466,123
Interest in an associate			**965**		1,053
Interest in a joint venture			**–**		–
Other assets			**17,923**		20,832
Deferred tax assets			**8,375**		9,238
			549,339		497,246
Current assets					
Inventories		**70,479**		58,522	
Trade and other receivables	10	**51,149**		49,075	
Tax recoverable		**4,230**		182	
Cash and bank deposits		**183,892**		250,141	
		309,750		357,920	
Current liabilities					
Trade and other payables	11	**59,387**		59,092	
Tax payable		**758**		3,489	
		60,145		62,581	
Net current assets			**249,605**		295,339
Total assets less current liabilities			**798,944**		792,585
Non-current liabilities					
Deferred tax liabilities			**69,867**		63,797
NET ASSETS			**729,077**		728,788
CAPITAL AND RESERVES					
Share capital			**2,880**		2,880
Reserves			**726,197**		725,908
TOTAL EQUITY			**729,077**		728,788

Notes:

1. Basis of preparation

The financial information set out in this announcement does not constitute the Group's financial statements for the year ended 31 March 2015, but is derived from these financial statements. 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") and accounting principles generally accepted in Hong Kong. The financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period, as permitted by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), continue to be those of the predecessor Companies Ordinance (Cap. 32). These financial statements also comply with the applicable disclosure provisions of the Listing Rules.

2. Changes in accounting policies

The HKICPA has issued a number of amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the Group and the Company:

– Amendments to HKFRS 10, HKFRS 12 and HKAS 27, *Investment entities*
– Amendments to HKAS 32, *Offsetting financial assets and financial liabilities*
– Amendments to HKAS 36, *Recoverable amount disclosures for non-financial assets*
– Amendments to HKAS 39, *Novation of derivatives and continuation of hedge accounting*
– HK(IFRIC) 21, *Levies*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the new or amended HKFRSs are discussed below:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27, Investment entities

The amendments provide consolidation relief to those parents which qualify to be an investment entity as defined in the amended HKFRS 10. Investment entities are required to measure their subsidiaries at fair value through profit or loss. These amendments do not have an impact on these financial statements as the Group does not qualify to be an investment entity.

Amendments to HKAS 32, Offsetting financial assets and financial liabilities

The amendments to HKAS 32 clarify the offsetting criteria in HKAS 32. The amendments do not have an impact on these financial statements as they are consistent with the policies already adopted by the Group.

Amendments to HKAS 36, Recoverable amount disclosures for non-financial assets

The amendments to HKAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, the amendments expand the disclosures required for an impaired asset or CGU whose recoverable amount is based on fair value less costs of disposal. The adoption of these amendments does not have any material impact on these financial statements.

Amendments to HKAS 39, Novation of derivatives and continuation of hedge accounting

The amendments to HKAS 39 provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The amendments do not have an impact on these financial statements as the Group has not novated any of its derivatives.

HK(IFRIC) 21, Levies

The Interpretation provides guidance on when a liability to pay a levy imposed by a government should be recognised. The amendments do not have an impact on these financial statements as the guidance is consistent with the Group's existing accounting policies.

3. Turnover

The principal activities of the Group are the design, manufacture, retail and wholesale of fashion apparel and accessories.

Turnover represents the invoiced value of goods sold, excluding value added tax and net of trade discounts.

4. Segment reporting

The Group manages its businesses by geographical locations. 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 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 is profit from operations. Income tax is not allocated to reportable segments.

Segment assets and liabilities of the Group are not reported to the Group's most senior executive management regularly. As a result, reportable segment assets and liabilities have not been presented in these financial statements.

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 2015 and 2014 is set out below:

	Hong Kong		Outside Hong Kong		Total	
	2015	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**223,407**	233,050	**196,558**	225,627	**419,965**	458,677
Inter-segment revenue	**45,114**	71,234	**50,690**	52,312	**95,804**	123,546
Reportable segment revenue	**268,521**	304,284	**247,248**	277,939	**515,769**	582,223
Reportable segment profit/(loss)	**21,972**	32,002	**(23,011)**	(4,894)	**(1,039)**	27,108
Interest income from bank deposits	**281**	122	**3,274**	3,460	**3,555**	3,582
Finance costs	**(1)**	–	**–**	–	**(1)**	–
Depreciation for the year	**(10,727)**	(11,962)	**(13,422)**	(14,733)	**(24,149)**	(26,695)
Impairment losses on fixed assets	**–**	–	**(5,641)**	(1,127)	**(5,641)**	(1,127)
Reversal of impairment losses/(impairment losses) on trade debtors	**–**	–	**164**	(164)	**164**	(164)

(b) Reconciliation of reportable segment revenue and profit

	2015	2014
	HK$'000	*HK$'000*
Revenue		
Total revenue from reportable segments	**515,769**	582,223
Elimination of inter-segment revenue	**(95,804)**	(123,546)
Consolidated revenue	**419,965**	458,677
Profit		
Reportable segment (loss)/profit	**(1,039)**	27,108
Other revenue and net loss	**7,681**	5,946
Finance costs	**(1)**	–
Valuation gains on investment properties	**11,432**	1,244
Valuation losses on land and buildings held for own use	**(1,750)**	–
Share of loss of associate	**(188)**	(219)
Share of profit/(loss) of joint venture	**505**	(1,019)
Consolidated profit before taxation	**16,640**	33,060

(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, associate and joint venture ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods were delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of fixed assets, and the location of operations, in the case of interests in associate and joint venture.

	Revenue from external customers		**Specified non-current assets**	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (place of domicile)	**223,407**	233,050	**381,616**	336,142
Mainland China	**89,668**	112,319	**133,651**	126,025
Taiwan	**43,436**	49,227	**640**	1,328
Macau	**53,596**	57,334	**5,141**	765
Singapore	**9,858**	6,747	**1,993**	2,916
	196,558	225,627	**141,425**	131,034
	419,965	458,677	**523,041**	467,176

5. Other revenue and net loss

	2015	2014
	HK$'000	*HK$'000*
Other revenue		
Interest income from bank deposits	**3,555**	3,582
Gross rental income from investment properties	**3,960**	1,682
Service fee income	**954**	935
Others	**412**	716
	8,881	6,915
Other net loss		
Net loss on disposal of fixed assets	**(120)**	(372)
Net exchange loss	**(1,080)**	(597)
	(1,200)	(969)

6. Profit before taxation is arrived at after charging:

	2015	2014
	HK$'000	*HK$'000*
Interest on bank advances	**1**	–
Depreciation	**24,149**	26,695
Staff costs (excluding directors' remuneration)	**107,097**	104,587
Operating lease charges in respect of land and buildings	**162,258**	159,587

7. Income tax

	2015	2014
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
Provision for the year	**3,082**	5,931
Over-provision in respect of prior years	**(145)**	(1)
	2,937	5,930
Current tax – Outside Hong Kong		
Provision for the year	**1,385**	2,781
Over-provision in respect of prior years	**(414)**	(463)
	971	2,318
Deferred tax		
Origination and reversal of temporary differences	**1,401**	(3,111)
	5,309	5,137

The provision for Hong Kong Profits Tax for 2015 is calculated at 16.5% (2014: 16.5%) of the estimated assessable profits for the year, taking into account a one-off reduction of 75% of the tax payable for the year of assessment 2013/14 subject to a ceiling of $10,000 allowed by Government of the Hong Kong Special Administrative Region. Taxation for the People's Republic of China ("PRC") and overseas subsidiaries are charged at the appropriate current rates of taxation ruling in the relevant tax jurisdictions.

During the year ended 31 March 2015, the applicable tax rates for subsidiaries domiciled in the Mainland China, Taiwan and Singapore are 25% (2014: 25%), 17% (2014: 17%) and 17% (2014: 17%) respectively.

Macau complementary tax is levied at progressive rates ranging from 3% to 9% on the taxable income above MOP32,000 (equivalent to HK$31,000) but below MOP300,000 (equivalent to HK$291,000), and thereafter at a fixed rate of 12%. For the year ended 31 March 2015, a special complementary tax incentive was provided to the effect that the tax free income threshold was increased from MOP32,000 to MOP600,000 (equivalent to HK$31,000 to HK$582,000) with profit above MOP600,000 (equivalent to HK$582,000) being taxed at a fixed rate of 12%.

For the year ended 31 March 2014, the special complementary tax incentive provided was to the effect that the tax free income threshold was increased from MOP32,000 to MOP300,000 (equivalent to HK$31,000 to HK$291,000) with profit above MOP300,000 (equivalent to HK$291,000) being taxed at a fixed rate of 12%.

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$11,069,000 (2014: HK$11,319,000) 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.

8. 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$11,331,000 (2014: HK$27,923,000) and the weighted average number of 287,930,000 (2014: 287,930,000) ordinary shares in issue during the year.

(b) Diluted earnings per share

Diluted earnings per share is the same as basic earnings per share for the years ended 31 March 2015 and 2014 as there were no dilutive potential ordinary shares in issue during the years ended 31 March 2015 and 2014.

9. Dividends

The Board recommended the payment of a final dividend of 4 Hong Kong cents (2014: 8 Hong Kong cents) per ordinary share in respect of the year, payable on or before 24 September 2015 in cash to all shareholders whose names appear on the register of members of the Company at the closure of business on 17 September 2015.

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

	2015	2014
	HK$'000	*HK$'000*
Interim dividend declared and paid of 4 Hong Kong cents per ordinary share (2014: 4 Hong Kong cents per ordinary share)	**11,517**	11,517
Final dividend proposed after the balance sheet date of 4 Hong Kong cents per ordinary share (2014: 8 Hong Kong cents per ordinary share)	**11,517**	23,035
	23,034	34,552

The final dividend 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

	2015	2014
	HK$'000	*HK$'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of 8 Hong Kong cents per share (2014: 7 Hong Kong cents per share)	**23,035**	20,155

10. Trade and other receivables

	2015	2014
	HK$'000	*HK$'000*
Trade debtors	**13,237**	18,653
Less: Impairment losses on trade debtors	**–**	(164)
	13,237	18,489
Deposits, prepayments and other receivables	**37,912**	30,586
	51,149	49,075

As of the balance sheet date, the ageing analysis of trade debtors (which are included in trade and other receivables and net of impairment losses on trade debtors), based on invoice date, is as follows:

	2015	2014
	HK$'000	*HK$'000*
Within 30 days	**11,646**	14,274
Between 31 to 90 days	**1,521**	4,176
Between 91 to 180 days	**56**	39
Between 181 to 365 days	**14**	–
	13,237	18,489

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

11. Trade and other payables

	2015	2014
	HK$'000	*HK$'000*
Trade payables	**6,050**	3,715
Other creditors and accrued charges	**53,337**	55,377
	59,387	59,092

As of the balance sheet date, the ageing analysis of trade creditors (which are included in trade and other payables), based on the invoice date, is as follows:

	2015	2014
	HK$'000	*HK$'000*
Within 30 days	**1,412**	1,696
Between 31 to 90 days	**3,843**	1,783
Over 90 days	**795**	236
	6,050	3,715

REVIEW OF OPERATIONS

As a high-end fashion brand synonymous with elegance and femininity, the Group operates such house brands as *MOISELLE, mademoiselle* and *GERMAIN*, while engaging in exclusive distributorship for international brands, including *COCCINELLE* and *SEQUOIA* (which is operated by a joint venture of the Group). Each of the brands, with its own distinctive customer base, is being managed separately by the Group's management and designer teams with professionalism. Branding, marketing and seasonal collections of each brand are created by various designer teams to keep up with the latest fashion trends. With these renowned domestic and international labels, the Group currently has more than 90 retail stores and counters in Hong Kong, first- and second-tier cities of China, Macau, Taiwan and Singapore.

According to the information from the Hong Kong Tourism Board, the total number of visits by Mainland Chinese tourists to Hong Kong was approximately 47.2 million in 2014, up by 16.0% over last year. However, the demographics of the Mainland Chinese tourists to Hong Kong changed during recent years, with a higher proportion of visitors with weaker spending power from the country's second- and third-tier cities and with a significant increase in those on the same-day return trips. Notably, the "Occupy Central" campaign that took place in Hong Kong in the fourth quarter of 2014 deterred Mainland Chinese tourists from visiting Hong Kong, thus directly affecting the city's overall retail market. During the financial year ended 31 March 2015 ("the Year"), the Group's business in Hong Kong recorded a 4.1% decrease in sales to approximately HK$223,407,000 when compared to that in the financial year ended 31 March 2014 ("the Previous Financial Year"), and accounted for approximately 53.2% of the Group's turnover. The sales revenue were contributed by the Group's 11 *MOISELLE,* 7 *mademoiselle,* 4 *COCCINELLE* and 3 *GERMAIN* retail stores (2014: 12 *MOISELLE, 9 mademoiselle,* one *imaroon,* one *COCCINELLE* and two *GERMAIN* retail stores).

To maintain the overall rental cost at a reasonable level and improve the stores' per-square meter sales performance in Mainland China, the Group restructured its sales network there by closing down 23 stores and opening 10 stores during the Year. As at the end of the Year, the Group operated 33 *MOISELLE*, 4 *mademoiselle* and 3 *GERMAIN* (2014: 42 *MOISELLE*, 8 *mademoiselle* and 3 *GERMAIN*) retail stores in the country, including 15 stores which were operated as consignment counters in department stores and two stores which were operated by franchisees. The 40 retail stores generated a combined revenue of approximately HK$89,668,000, down by approximately 20.2% when compared with that for the Previous Financial Year. This was mainly due to the decreased spending on luxury goods, which was in turn caused by the Chinese government's move to advocate frugality and the country's decelerating economic growth. To grasp the emerging opportunities in e-commerce, the Group has been discussing possible cooperation with a number of online shopping platform operators in Mainland China, aiming to establish an online-to-offline business model and to further mitigate the pressure that rising rents put on the Group.

To provide better shopping experience and quality service for its valued customers, the Group opened its first concept store, M Concept, in Sands Cotai Central, Macau with a floor space of approximately 6,000 square feet in June 2014. In addition, the Group was operating two *MOISELLE*, one *mademoiselle* and one *COCCINELLE* retail stores in the city during the Year. As at 31 March 2015, the 5 retail stores in Macau generated a combined revenue of approximately HK$53,596,000, which was down by approximately 6.5% when compared with that for the Previous Financial Year. As more five-star hotels, large shopping centers and casinos are opened in Macau, the management is confident of consistent growth in the market for high-end clothing and accessories.

The Group operated 13 *MOISELLE* and 8 *mademoiselle* (2014: 15 *MOISELLE* and 6 *mademoiselle*) stores in Taiwan as at 31 March 2015. The retail stores in Taiwan generated a combined revenue of approximately HK$43,436,000, accounting for approximately 10.3% of the Group's total revenue for the Year. In order to satisfy the demand for mid-range clothing and accessories, especially those for the young people, the Group will consider introducing new fashion and accessories labels into Taiwan's market.

The Group's business in Singapore made encouraging progress during the Year. One more *MOISELLE* store and one more *GERMAIN* store were opened in Paragon, Singapore, bringing the total number of retail stores in the country to four, including two *MOISELLE* and two *GERMAIN* (2014: one *MOISELLE* and one *GERMAIN*) retail stores. The Group's sales there surged by 46.1% to approximately HK$9,858,000 for the Year.

FINANCIAL REVIEW

Overview

The Group's turnover decreased by approximately 8.4% to approximately HK$419,965,000 (2014: HK$458,677,000) during the year ended 31 March 2015 as compared with 2014. Due to the deterioration in performance of Mainland China market, the revenue of the segment outside Hong Kong decreased by approximately 12.9% to approximately HK$196,558,000 (2014: HK$225,627,000) during the Year as a result. The segment turnover ratio had arrived at approximately 46.8% which was two percentage points lower as compared to the Previous Financial Year.

The revenue earned from Hong Kong segment decreased as well by approximately 4.1% to approximately HK$223,407,000 (2014: HK$233,050,000) which was mainly due to the decreased sales in the second half of the Year.

During the Year, the Group's gross profit margin was approximately 83.2%, as compared to 80.6% of the previous year. The gross profit margin increased but remained in the normal range of gross margin of the Group during previous years. Operating expenses for the year ended 31 March 2015 totaled approximately HK$350,582,000, compared to approximately HK$342,726,000 for 2014, increased by approximately 2.3%. The decrease in turnover in addition to the increase in operating expenses, mainly staff costs and rental expenses, had resulted in the significant decrease in operating margin to 1.6% (2014: 7.2%).

The profit for the year ended 31 March 2015 was approximately HK$11,331,000 (2014: HK$27,923,000), decreased by approximately HK$16,592,000, 59.4%. The decrease was in line with the decrease in operating margin.

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$184 million (2014: HK$250 million). As at 31 March 2015, the Group maintained aggregate composite banking facilities of approximately HK$41 million (2014: HK$41 million) with various banks, of which approximately HK$2 million (2014: HK$2 million) were utilised.

The Group continues to enjoy healthy financial position. As at 31 March 2015, the current ratio (current assets divided by current liabilities) was approximately 5.2 times (2014: 5.7 times) and the gearing ratio (aggregate of bank borrowings and finance lease payables divided by shareholders' equity) was zero (2014: zero).

Contingent liabilities

As at 31 March 2015, the Company had contingent liabilities in relation to guarantees given to banks against facilities extended to certain wholly owned subsidiaries amounting to approximately HK$2 million (2014: HK$2 million).

OUTLOOK

The Group remains optimistic about the prospects of the market for women's deluxe fashion apparel and accessories in the coming financial year, and believe that Hong Kong's retail market may have bottomed and will recover following the one-off incident "Occupy Central" campaign that took place in the Year. Having considered the higher proportion of Mainland Chinese tourist arrivals with lower spending power in Hong Kong and Mainland China's slowing economy and the Chinese government's move to advocate frugality, the Group is planning to diversify the product range and mix and branch out into mid-range products under new brands to broaden the customer base and thus revenue source. In addition, it will continue to expand business in its target markets through both the existing and newly opened stores.

In terms of product range and mix, the Group is developing men's wear under its main brand *MOISELLE*, and cooperating with the French accessories brand *SEQUOIA* in designing, manufacturing, wholesaling and retailing apparel products under that brand. This is the first time for *SEQUOIA* to launch products other than fashion accessories, and such an initiative will allow the Group to demonstrate its versatility in executing its diverse-product, multi-brand strategy.

As to sales and distribution, the Group will reinforce its operations in Mainland China, the key market for the business development, by restructuring and strengthening its sales network there with the aim of increasing the market penetration of both its house brands and the introduced European brands in the country's major cities and raising operational efficiency. Meanwhile, the Group's newly opened, 6,000-square-foot M Concept store in Macau serves as a platform to showcase the unique and delightful collections and services.

Dedicated to seizing market opportunities, enhancing brand awareness and broadening the customer bases, the Group now contemplates setting up an online shopping platform to capitalize on the growing momentum of online shopping in Mainland China and is now evaluating the potential of e-commerce there. It believes various forms of social media can be an effective means of enhancing sales and increasing the brand recognition further. The Group's online shopping platform will be able to set an example of how the Group can adopt an online-to-offline marketing model to reduce overhead and to get inspiration to improve its services that target different customers.

It will also step up the marketing and promotional efforts, especially those gearing towards the young people, to raise the market's awareness of its house brands and the introduced European brands. Such initiatives will support the launch of its new products or brands that target new groups of customers. Meanwhile the Group has considered providing various new services for its high-end customers such as giving out various shopping benefits and new value-added services to them so as to enhance their shopping experience.

EMPLOYEES

As at 31 March 2015, the Group employed 731 (2014: 821) employees mainly in Hong Kong and Mainland China. 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 Year.

CORPORATE GOVERNANCE CODE

Save for the deviation of the Code Provisions A.2.1 and A.6.7 as below, the Company has complied with the code provisions listed in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules throughout the year ended 31 March 2015.

Code Provision A.2.1

Under Code Provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Currently, 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. The Company will however keep this matter under review.

Code Provision A.6.7

Code Provision A.6.7 of the CG Code provides that the independent non-executive directors should attend general meetings of the Company. Due to prior business engagements external to the Company, Ms. Yu Yuk Ying, Vivian was unable to attend the annual general meeting of the Company held on 14 August 2014.

REVIEW OF FINANCIAL INFORMATION

The audit committee of the Company has reviewed with the management the accounting principles and practices adopted by the Group and the draft consolidated financial statements of the Group for the year ended 31 March 2015. The audit committee comprises three independent non-executive directors of the Company.

The financial figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2015 have been compared by the Company's auditors, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft consolidated financial statements for the Year. and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by the auditors.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 15 September 2015 to 17 September 2015 (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, 14 September 2015.

By Order of the Board
Chan Yum Kit
Chairman

Hong Kong, 29 June 2015

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.