

**MOISELLE INTERNATIONAL HOLDINGS LTD :
THIS YEAR'S PROFITS ARE UNLIKELY TO MATCH LAST YEAR'S**

The market value of the flat, in which the chairman, his wife and son live, represents about 45.30 percent of the Audited Combined Net Tangible Assets of the entire company.

The company, to which TARGET is referring, is Moisselle International Holdings Ltd, now known as Stock Code Number 130 of the Main Board of The Stock Exchange of Hongkong Ltd.

According to the Placing and Public Offer Prospectus, published on January 31, 2002, the flat, in which the Chairman and his immediate family live, located at a ritzy part of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), is in the books of the Company at \$HK33.50 million, that valuation, having been completed on the day of the publication of the Prospectus.

Since the Audited Combined Net Tangible Assets of Moisselle are said to be about \$HK73.95 million, that means that the little freebie for the Chairman, enabling him to enjoy his present, opulent lifestyle, represents about 45 percent of the entire corporate shooting match, excluding any valuation that one might wish to place on goodwill, etc, such valuation, being a subjective determination, in any event.

Throwing everything into the pot is not uncommon for companies, going to the HKSAR marketplace for some money, but, in this case, it was hardly necessary – because Moisselle appears to be a fairly decent little company, as garment companies go, that is.

Moisselle is quite well known in the HKSAR, having been in the business of selling ladies clothes since 1982 when the current Chairman, Mr Chan Yum Kit, along with his wife, Madame Shirley Chan How Kiu (nee Tsui How Kiu), and his brother-in-law, Mr Chui Hing Yee, established, what is today, the chain of 22 retail outlets, all located in the HKSAR.

From a small factory in Wanchai, the HKSAR, with 24 workers, today, Moisselle can boast of employing 241 workers, 162 of whom are engaged, full-time, in selling garments to office ladies between the ages of 25 years and 45 years.

One of the major differences between this Company and many other similar companies of the HKSAR is that, whereas many competitors have fallen by the wayside, Moisselle has, in fact, gone from strength to strength, records indicate.

The reason for its successes is, simply, that Management engages in what it does best, and does not play around in other plots where its knowledge is very thin.

The following is the Company's track record for the 39-month period, ended June 30, 2001:

	Financial Year ended March 31			Three Months to June 30
	1999	2000	2001	2001
	All Figures are Denominated in \$HK'000 (Unless otherwise stated)			
Turnover	85,268	156,572	173,030	44,137
Cost of Sales	(22,806)	(37,854)	(38,232)	(8,644)

Gross Profit	62,462	118,718	134,798	35,493
Gross Profit Margin	73.25 percent	75.82 percent	77.90 percent	80.42 percent
Other Revenue	911	721	911	262
Selling and Distribution Costs	(31,016)	(50,749)	(59,413)	(15,074)
Administration and Other Operating Expenses	(19,408)	(21,861)	(25,369)	(7,325)
Profit from Operations	12,949	46,829	50,927	13,356
Surplus/(Deficit) on Revaluation of Land and Buildings and Investment Properties	(3,231)	(487)	(167)	(49)
Financing Costs	(2,088)	(3,136)	(3,514)	(753)
Profit from Ordinary Activities before Taxation	7,630	43,206	47,246	12,554
Taxation	(979)	(3,628)	(5,391)	(1,280)
Net Profit Attributable to Shareholders	6,651	39,578	41,855	11,274
Net Profit Margin	7.80 percent	25.28 percent	24.19 percent	25.54 percent

The seemingly low taxation rate for the 1999 Financial Year was due to accumulated losses, carried forward from prior Years.

It was in the 2000 Financial Year that there was a decided determination to proliferate the Company's stores, resulting in, no doubt, the ability of Management to achieve economies of scale, while being able to lease store space at much lower rates than in previous Years.

All of the Company's stores are leased from independent third parties, not associated with any member of Management, and annual rentals, according to TARGET's calculations, run to about \$HK51.55 million. (Pages 49-53)

While rentals for commercial space continue to fall in the HKSAR, should there be an economic turnabout, companies, such as Moisselle, could feel the pinch as landlords seek for higher rental returns.

However, for the most part, the Company is covered, at least, for the next few years.

While the above table appears to indicate a picture of financial health, it would appear to TARGET's analysts that the Bottom Line for the Current Financial Year, ending March 31, 2002, would not be very different from that of the previous Year.

In fact, there are indications of a retrogradation in profits for this Year.

On the basis of the first 3 months of the Current Financial Year, to June 30, when the Company logged in Net Profits Attributable to Shareholders of about \$HK11.27 million, and adding to that figure the Net Profits Attributable to Shareholders (unaudited) for the next 5 months, to November 30, 2001, of about \$HK13.26 million, one notes that, for the first 8 months of the Current Year, Moisselle recorded a Net Profit of not less than \$HK24.53 million.

Annualising this figure would appear to indicate that the Net Profits for the Year, ending March 31, 2002, are likely to be not more than \$HK37 million.

Which would be nearly ... [CLICK TO ORDER FULL ARTICLE](#)

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