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# 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 2021

#### 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 2021 (the “Year”) with comparative figures for the previous corresponding year are as follows:

#### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*FOR THE YEAR ENDED 31 MARCH 2021*

	<i>NOTES</i>	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Revenue</b>	3	<b>127,283</b>	191,604
Cost of sales		<u>(40,378)</u>	<u>(44,571)</u>
<b>Gross profit</b>		<b>86,905</b>	147,033
Other income	4	<b>32,605</b>	7,105
Other gains and losses	5	<b>11,787</b>	(2,730)
Distribution and selling expenses		<b>(102,158)</b>	(204,879)
Administrative and other operating expenses		<u>(58,217)</u>	<u>(65,663)</u>
<b>Loss from operations</b>		<b>(29,078)</b>	(119,134)
Gain (loss) on changes in fair value of investment properties		<b>14,319</b>	(25,425)
Finance costs		<u>(4,838)</u>	<u>(4,824)</u>
<b>Loss before taxation</b>		<b>(19,597)</b>	(149,383)
Income tax (expense) credit	6	<u>(3,608)</u>	<u>2,917</u>
<b>Loss for the year</b>		<u><b>(23,205)</b></u>	<u>(146,466)</u>

	<i>NOTES</i>	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Other comprehensive income (expense)			
<i>Item that will not be reclassified to profit or loss:</i>			
Gain (loss) on revaluation of land and buildings held for own use		<b>23,819</b>	(8,547)
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<b>803</b>	2,901
		<u><b>24,622</b></u>	<u>(5,646)</u>
<b>Total comprehensive income (expense) for the year</b>		<u><b>1,417</b></u>	<u>(152,112)</u>
Loss for the year attributable to:			
Owners of the Company		<b>(22,751)</b>	(146,694)
Non-controlling interests		<b>(454)</b>	228
		<u><b>(23,205)</b></u>	<u>(146,466)</u>
<b>Total comprehensive income (expense) attributable to:</b>			
Owners of the Company		<b>1,871</b>	(152,340)
Non-controlling interests		<b>(454)</b>	228
		<u><b>1,417</b></u>	<u>(152,112)</u>
Loss per share			
Basic (HK dollars)	7	<u><b>(0.08)</b></u>	<u>(0.51)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2021

	<i>NOTES</i>	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Non-current assets</b>			
Investment properties		297,783	259,598
Property, plant and equipment		379,353	371,727
Right-of-use assets		33,858	23,803
Deposits paid		5,240	24,714
Deferred tax assets		351	566
		<b>716,585</b>	680,408
<b>Current assets</b>			
Inventories		39,270	54,862
Trade and other receivables	9	32,741	27,205
Bank balances and cash		17,567	31,829
		<b>89,578</b>	113,896
<b>Current liabilities</b>			
Trade and other payables	10	31,500	42,954
Lease liabilities		61,467	61,593
Tax payable		110	119
Borrowings		53,543	34,080
		<b>146,620</b>	138,746
<b>Net current liabilities</b>		<b>(57,042)</b>	(24,850)
<b>Total assets less current liabilities</b>		<b>659,543</b>	655,558
<b>Non-current liabilities</b>			
Lease liabilities		19,920	27,067
Deferred tax liabilities		107,668	97,953
		<b>127,588</b>	125,020
<b>Net assets</b>		<b>531,955</b>	530,538
<b>Capital and reserves</b>			
Share capital		2,880	2,880
Reserves		530,049	528,178
<b>Equity attributable to owners of the Company</b>			
Non-controlling interests		(974)	(520)
<b>Total equity</b>		<b>531,955</b>	530,538

*Notes:*

## **1. GENERAL AND BASIS OF PREPARATION**

Moiselle International Holdings Limited (the “Company”; and its subsidiaries collectively referred to as the “Group”) is an exempted company incorporated in the Cayman Islands with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited. Its ultimate holding company is Super Result Consultants Limited (“Super Result”), a limited company incorporated in the British Virgin Islands. Mr. Chan Yum Kit, the chairman and executive director of the Company, and Ms. Tsui How Kiu, Shirley, executive director of the Company, each holds 46.7% equity interest in Super Result. The addresses of the registered office and principal place of business of the Company are disclosed in the section of Corporate Information in the Company’s annual report.

The consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company.

The financial information set out in this announcement does not constitute the Group’s consolidated financial statements for the year ended 31 March 2021, but is derived from the consolidated financial statements. The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, 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. The consolidated 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 measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except that the following assets are stated at their fair value:

- investment properties; and
- land and buildings held for own use.

In preparing the consolidated financial statements, the Directors have given careful consideration to the future liquidity of the Group in light of the fact that the Group’s current liabilities exceeded its current assets by approximately HK\$57,042,000 as at 31 March 2021.

For the year ended 31 March 2021, the Group generated operating cash flows of approximately HK\$10,361,000. As at 31 March 2021, total cash and cash equivalents of approximately HK\$17,567,000 were held by the Group and unutilised bank facilities amounted to approximately HK\$31,963,000 were available. On 18 June 2021, the Group entered into a provisional agreement with an independent third party for disposal of land and buildings held for own use in Hong Kong at a consideration of HK\$30,000,000 (the “Agreement”) and received a deposit of HK\$1,500,000. The Directors expects the sale proceeds of HK\$28,500,000 will be received on or before 18 August 2021 in accordance with the terms as specified in the Agreement. A gain on disposal of property, plant and equipment of HK\$143,000 will be recognised accordingly.

Based on the aforesaid factors and cash flow forecast for the coming twelve months, the Directors are satisfied that the Group will have sufficient financial resources to meet in full its financial obligations as and when they fall due for the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

### Application of amendments to HKFRSs

In the current year, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

In addition, the Group has early applied the Amendment to HKFRS 16 “Covid-19-Related Rent Concessions” and Amendment to HKFRS 16 “Covid-19-Related Rent Concessions beyond 30 June 2021”.

Except as described below, the application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

### Impacts on early application of Amendment to HKFRS 16 “Covid-19-Related Rent Concessions” and Amendment to HKFRS 16 “Covid-19-Related Rent Concessions beyond 30 June 2021

The Group has applied these amendments for the first time in the current year. These amendments introduce a new practical expedient for lessees to elect not to assess whether a Covid-19-related rent concession is a lease modification. The practical expedient only applies to rent concessions occurring as a direct consequence of the Covid-19 that meets all of the following conditions:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 “Leases” if the changes were not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

### 3. REVENUE AND SEGMENT INFORMATION

#### Revenue

The Group generated sales of fashion apparel and accessories with customers through its own retail stores. For the years ended 31 March 2021 and 2020, revenue from sales of fashion apparel and accessories is recognised at a point in time when the goods are delivered to the customers.

#### Segment information

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 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 the Mainland China and sales of house brands and imported brands in the Mainland China, Macau, Taiwan and Singapore.

	Hong Kong		Outside Hong Kong		Total	
	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	55,305	97,788	71,978	93,816	127,283	191,604
Inter-segment revenue	13,807	21,238	10,195	23,005	24,002	44,243
<b>Segment revenue</b>	<b>69,112</b>	<b>119,026</b>	<b>82,173</b>	<b>116,821</b>	<b>151,285</b>	<b>235,847</b>
<b>Segment loss</b>	<b>(9,518)</b>	<b>(36,783)</b>	<b>(19,158)</b>	<b>(35,927)</b>	<b>(28,676)</b>	<b>(72,710)</b>

### 4. OTHER INCOME

	2021	2020
	HK\$'000	HK\$'000
Gross rental income from investment properties	4,566	4,928
Interest income from bank deposits	124	33
Service fee income	696	1,061
Covid-19 related rent concessions	19,677	–
Government grants	7,310	–
Others	232	1,083
	<b>32,605</b>	<b>7,105</b>

**5. OTHER GAINS AND LOSSES**

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Gain arising on early termination of lease contracts	9,280	431
Exchange gain (loss), net	2,427	(2,038)
Gain (loss) on disposal of property, plant and equipment	80	(1,123)
	<u>11,787</u>	<u>(2,730)</u>

**6. INCOME TAX (EXPENSE) CREDIT**

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Current tax - Hong Kong Profits Tax</b>		
Provision for the year	-	-
Over-provision in respect of prior years	-	30
	<u>-</u>	<u>30</u>
<b>Current tax - Outside Hong Kong</b>		
Provision for the year	(259)	(571)
Deferred tax	(3,349)	3,458
Income tax (expense) credit	<u>(3,608)</u>	<u>2,917</u>

**7. LOSS PER SHARE**

The calculation of the basic loss per share attributable to the owners of the Company is based on the following data:

*Loss*

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loss for the year for the purposes of basic loss per share	<u>(22,751)</u>	<u>(146,694)</u>

*Number of shares*

	2021 <i>'000</i>	2020 <i>'000</i>
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>287,930</u>	<u>287,930</u>

Diluted loss per share is not presented as the Company does not have any dilutive potential ordinary share for both years.

## 8. DIVIDENDS

No dividend was proposed for ordinary shareholders of the Company during the years ended 31 March 2021 and 2020. No dividend was paid or proposed for ordinary shareholders of the Company subsequent to the end of the reporting period.

## 9. TRADE AND OTHER RECEIVABLES

As of the end of the reporting period, the ageing analysis of trade receivables, based on invoice date and net of loss allowance, is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 30 days	6,796	4,613
31 to 90 days	1,104	920
91 to 180 days	3	12
Over 180 days	244	901
	<u>8,147</u>	<u>6,446</u>

Trade receivables are due within 30 to 90 days from the invoice date.

## 10. TRADE AND OTHER PAYABLES

As of the end of the reporting period, the ageing analysis of trade payables, based on the invoice date, is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 30 days	2,461	4,569
31 to 90 days	156	385
Over 90 days	3,073	3,059
	<u>5,690</u>	<u>8,013</u>

## MARKET OVERVIEW

The novel coronavirus pneumonia pandemic dealt a severe blow to the fashion apparel retailing sector during the financial year ended 31 March 2021 (the “Year”) of Moisselle International Holdings Limited (“Moisselle” or the “Company”). In an attempt to curb the spread of the disease, governments around the world imposed restrictions on travels and ordered eateries, retail shops and entertainment premises to suspend business or shorten the opening hours. In Hong Kong, where Moisselle derived a substantial portion of its revenue, the retail sector was seriously affected as visitor arrivals in the city plunged by 93.6% in 2020, according to Hong Kong Tourism Board quoting the data from the Immigration Department of the Hong Kong Special Administrative Region (“HKSAR”). As a result, the business of retailers and restaurants was dominated by the local customers. According to the Census and Statistics Department of the HKSAR, the value of retail sales of wearing apparel at the retail outlets in the city plunged by approximately 41.3% to about HK\$26.51 billion in 2020. In Macau, fashion apparel retailing was in the same difficult situation due to the pandemic. In Mainland China, where the pandemic was largely brought under control except for a few sporadic outbreaks, retail of apparel, shoes, headwear and knitted products was also affected, albeit to a lesser extent, with a 6.6% decrease in value in 2020 (source: National Bureau of Statistics of the People’s Republic of China).

In the past several years, the fashion apparel industry has been grappling with the fundamental changes in the market, including the growing popularity of electronic commerce, the emergence of the younger generation of consumers who have different preferences for the style of fashion from those of other different generations, and consumers’ increasing reliance on internet, especially social media, for information about fashion apparel and for shopping for it. To adapt to the changes, many industry players have stepped up the development of their online operations for marketing and sales. This trend was sped up by social distancing which was adopted as an anti-pandemic measure and caused many people to move their daily activities online. Most importantly, the younger customers prefer on-trend fashion apparel to the classic and elegant one. A fashion apparel design and retailing firm which has long been positioned as a brand for niches in the high-end and upper-middle markets has to orient itself more towards the market for unique and on-trend fashion in order to remain competitive.

## OVERVIEW OF OPERATIONS

Targeting the markets for luxurious and mid-range apparel, the Group operates such house brands as *MOISELLE*, *m.d.m.s.*, *GERMAIN* and *Rosamund MOISELLE*, while engaging in distributorship for international brand *LANCASTER*. Each of the brands has its own distinctive consumer base and is being developed separately by the Group’s dedicated and talented designer teams. The Group retails its products under the various brands at stores in prime locations. As at 31 March 2021, the Group had 47 stores and counters in Hong Kong, first- and second-tier cities of Mainland China, Macau, Taiwan and Singapore, up from 44 as at 31 March 2020. It closed some underperforming stores but also opened some stores in places with good prospect to rationalize its network of stores.

## **REVIEW OF OPERATIONS BY LOCATION**

### **Operations in Hong Kong**

The city's retail sector was particularly hard hit by the Hong Kong government's anti-pandemic measures such as restrictions on travels and the shortening of business hours at retail shops. According to the Census and Statistics Department of the HKSAR, the value of retail sales of wearing apparel at the retail outlets in the city plunged by approximately 41.3% to about HK\$26.51 billion in 2020. Nevertheless, the business improved in the first quarter of 2021 when the pandemic showed signs of abating. The value of retail sales of wearing apparel at the retail outlets in the city rebounded by about 26.1% year on year during the first quarter of 2021 as the locals were more willing to go shopping at physical stores after the pandemic had been brought under control.

For the Year, revenue from the Group's operations in Hong Kong plunged by about 43% to HK\$55,305,000.

To get through the difficult time, the Group continued to rationalize its retail network. It negotiated for rent concessions and reductions for some of its shop spaces and succeeded in getting them. It also applied for and was given one-off financial assistance from the government that was aimed at tiding the businesses over the unprecedented difficulties caused by the pandemic.

The Group also stepped up the development of its electronic commerce business as a cost-effective means to market and sell its products and as a way to capitalize on the growing popularity of online shopping. For instance, it opened its own online shop on its own website for its Hong Kong operations. This marks a significant move by the Group to expand its electronic commerce business beyond Mainland China.

Most importantly, the Group repositioned its major house brand *MOISELLE* as a brand with a youthful image that is geared more towards the market for on-trend and unique fashion. This can help the Group cope with such a fundamental change in the fashion apparel market as the increasing proportion of the younger generation in the customer base.

As at 31 March 2021, the Group operated 6 *MOISELLE*, 2 *m.d.m.s.*, 3 *LANCASTER* and 2 *M CONCEPT* retail stores as well as 1 outlet (As at 31 March 2020, the Group operated 7 *MOISELLE*, 2 *m.d.m.s.*, 1 *LANCASTER* and 1 *M CONCEPT* retail stores as well as 4 outlets).

### **Operations in Mainland China**

Mainland China was the only market where the Group recorded growth in sales. Revenue from the Group's operations there increased by 14% to HK\$40,616,000 for the Year. The better performance there could be attributed to the country's success in largely bringing the pandemic under control.

The Group kept rationalizing its network of stores in the country by closing down the underperforming ones and opening some new ones in places with good prospect. It opened one *MOISELLE* flagship store in a shopping mall called Grand Gateway 66 at the base of an office complex Grand Gateway Shanghai in Xujiahui District, Shanghai in December 2020 and a handbag and accessories store *LANCASTER* in an affluent shopping, dining and entertainment district Xintiandi, Shanghai in November 2020. It had also earlier reopened one *MOISELLE* shop at a new shop space in a shopping mall in Beijing in July 2020. It also continued with the effort to reduce the cost of renting shop spaces. Under the Group's lease agreements with some landlords at some of its stores, the rents were charged as certain percentages of the revenue from sales. This made it easier for the Group to sustain the retail business at the brick-and-mortar stores.

Meanwhile, the Group's online sales operations also performed well. It recorded growth in sales revenue at WeChat Mall on a popular social media WeChat, electronic commerce website VIP.com, which specializes in online discount sales and is operated by Vipshop (“唯品會” in Chinese), and Tmall, another popular online shopping website. It also used some social media and live streaming to conduct sales and marketing campaigns.

As at 31 March 2021, the Group operated 14 *MOISELLE*, 2 *M CONCEPT* and 1 *LANCASTER* retail stores in the country (As at 31 March 2020, the Group operated 13 *MOISELLE* retail stores in the country).

### **Operations in Macau**

For the Year, the Group closed down two shops, namely one *MOISELLE* shop and one *M CONCEPT* shop in Macau as it was extremely difficult to sustain the business there amid the pandemic that sent its sales plunging by 57% to approximately HK\$14,720,000. As at 31 March 2021, the Group operated three shops at the Venetian Macao Resort Hotel and one shop at the Parisian Macao Hotel, including 1 *M CONCEPT*, 1 *MOISELLE*, 1 *m.d.m.s.* and 1 *LANCASTER* retail stores in the city (As at 31 March 2020: 2 concept stores, *M CONCEPT*, 2 *MOISELLE*, 1 *m.d.m.s.* and 1 *LANCASTER* retail stores).

### **Operations in Taiwan**

Revenue at the Group's operations in Taiwan decreased by 4% to approximately HK\$14,174,000, which accounted for about 11% of the Group's revenue for the Year. The decrease was due to the closure of some underperforming stores. Overall, the Group's operations there were supported by a staunch customer base and had stable performance. The Group operated 5 *MOISELLE* and 3 *LANCASTER* retail stores as well as 2 outlets as at 31 March 2021 in Taiwan (As at 31 March 2020: 4 *MOISELLE* and 1 *m.d.m.s.* retail stores as well as 2 outlets).

## **Operations in Singapore**

Revenue at the Group's business in Singapore plummeted by 72% during the Year due to the pandemic. The Group operated 1 *MOISELLE* and 1 *LANCASTER* retail stores as at 31 March 2021 (As at 31 March 2020: 2 *MOISELLE* and 1 *LANCASTER* retail stores).

## **FINANCIAL REVIEW**

### **Overview**

The Group's turnover decreased by approximately 34% to approximately HK\$127,283,000 (2020: HK\$191,604,000) during the year ended 31 March 2021 as compared with 2020. The revenue earned from Hong Kong segment decreased by approximately 43% to approximately HK\$55,305,000 (2020: HK\$97,788,000). The worsening of business environment in Hong Kong market caused significant decrease of revenue of the segment under reduced traffic of customers at all points of sales. The segment contributed to 43% (2020: 51%) of the Group's total revenue.

The revenue of the segment outside Hong Kong decreased by approximately 23% to approximately HK\$71,978,000 (2020: HK\$93,816,000) during the year ended 31 March 2021 under the unprecedented public health crisis in relevant markets. The segment contribution increased 8 percentage points to 57% (2020: 49%) as benefited from increase in revenue in the market of the Mainland China.

During the year, the Group's gross profit margin was approximately 68.3%, as compared to 76.7% of the previous year. Decrease in gross profit margin was mainly attributed to the increase in discounted sale and promotional activities during the financial year. Operating expenses for the year ended 31 March 2021 totaled approximately HK\$160,375,000, compared to approximately HK\$270,542,000 for 2020, decreased by approximately 41%. Although the management had continued to conduct various measures in stringent cost management to counteract high operating expenses, mainly staff costs and rental expenses, the Group suffered an operating loss of HK\$29,078,000 (2020: HK\$119,134,000).

The loss attributable to the equity shareholders for the year ended 31 March 2021 was approximately HK\$22,751,000 (2020: HK\$146,694,000), reduced significantly mainly due to the improvement in the operating margin, the decreased impairment of right-of-use assets and property, plant and equipment, and the increase in fair value of investment properties.

## **Liquidity and financial resources**

During the year ended 31 March 2021, the Group financed its operations with internally generated cash flows and bank borrowings. 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 year, the Group's aggregate bank deposits and cash balances amounted to approximately HK\$18 million (2020: HK\$32 million). Cash and bank deposits were held mainly in Hong Kong dollars and Renminbi. The Group has foreign operations and certain of its net assets are exposed to the risk of foreign currency exchange rate fluctuations. The management regularly monitors the foreign currency exchange risk of the Group and may consider hedging activities when necessary.

As at 31 March 2021, the Group maintained secured bank borrowings of HK\$54 million (2020: HK\$34 million) at operating subsidiary level financing its working capital. Besides, the Group also maintained aggregate composite banking facilities of approximately HK\$35 million (2020: HK\$26 million) with commercial banks, of which approximately HK\$4 million (2020: HK\$3 million) were utilised.

The Group ran into net current liabilities of HK\$57 million as at the year end (2020: HK\$25 million), with current assets being less than current liabilities. As at 31 March 2021, the gearing ratio (aggregate of bank borrowings and finance lease payables divided by shareholders' equity) was approximately 10.1% (2020: 6.4%).

## **Charge on assets**

As at 31 March 2021, land and buildings held for own use and investment properties with a carrying value of approximately HK\$155 million (31 March 2020: HK\$52 million) were pledged to secure bank borrowings granted to the Group.

## **OUTLOOK**

It is believed that the overall retail market in Hong Kong has already bottomed out as the pandemic has shown signs of abating. However, a recovery in the market is expected to be slow in the financial year ending 31 March 2022. Therefore, the Group will continue with its prudent approach to business development so as to get through the very difficult operating environment.

Apart from the ongoing rationalization of its network of stores and its other retrenchment measures, the Group will step up its efforts to develop its cost-effective online platform for sales and marketing. For instance, it will develop more on-trend fashion apparel which will only be available on the Group's online shop. Such move not only enables the Group to save on cost but also serves as a more effective means to market its products to the younger generation of customers. In addition, the Group also plans to launch a mobile phone-enabled application to allow its frontline staff to market its products to its potential customers in various markets. With such mobile phone-enabled application, the customers will be able to earn reward points for the money they spent on their purchases while the Group will be able to carry out precision marketing based on the customers' individual preferences and consumption patterns.

Most importantly, the Group will continue with its effort to reposition its major house brand *MOISELLE* so as to cope with the fundamental change in the fashion apparel market which is increasingly predominated by the younger customers who prefer on-trend and unique fashion apparel. The Group will step up the effort to design and produce more trendy and mid-range wear that projects a youthful image.

All these measures are aimed at enhancing the Group's competitive strength and adaptability to the changes in the market. The Group will monitor closely the economic conditions and fashion trends in the markets and may adjust the above plans accordingly.

## **EMPLOYEES**

As at 31 March 2021, the Group employed 374 (2020: 348) 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 ended 31 March 2021.

## **CORPORATE GOVERNANCE CODE**

Save for the deviation of the Code Provision A.2.1 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 2021.

### **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.

## **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 consolidated financial statements of the Group for the year ended 31 March 2021. The audit committee comprises three independent non-executive directors of the Company.

## **SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2021 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

By Order of the Board of  
**Moiselle International Holdings Limited**  
**Chan Yum Kit**  
*Chairman*

Hong Kong, 29 June 2021

*As at the date of this announcement, the Company's executive directors are Mr. Chan Yum Kit, Ms. Tsui How Kiu, Shirley 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.*