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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 2023 AND PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE COMPANY

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” or “Moiselle”) for the year ended 31 March 2023 (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 2023

	<i>NOTES</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue	3	127,946	138,526
Cost of sales		<u>(34,666)</u>	<u>(41,920)</u>
Gross profit		93,280	96,606
Other income	4	12,445	17,665
Other gains and losses	5	2,076	8,505
Distribution and selling expenses		(80,623)	(109,837)
Administrative and other operating expenses		<u>(52,158)</u>	<u>(57,408)</u>
Loss from operations		(24,980)	(44,469)
(Loss) gain on changes in fair value of investment properties		(21,768)	5,984
Finance costs		<u>(2,117)</u>	<u>(2,510)</u>

	<i>NOTES</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loss before taxation		(48,865)	(40,995)
Income tax credit	6	<u>5,964</u>	<u>48</u>
Loss for the year		<u>(42,901)</u>	<u>(40,947)</u>
Other comprehensive (expense) income			
<i>Item that will not be reclassified to profit or loss:</i>			
(Loss) gain on revaluation of land and buildings held for own use, net of related income tax		(1,362)	16,848
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations, with nil tax impact		<u>(9,234)</u>	<u>6,957</u>
		<u>(10,596)</u>	<u>23,805</u>
Total comprehensive expense for the year		<u>(53,497)</u>	<u>(17,142)</u>
Loss for the year attributable to:			
Owners of the Company		(42,857)	(40,718)
Non-controlling interests		<u>(44)</u>	<u>(229)</u>
		<u>(42,901)</u>	<u>(40,947)</u>
Total comprehensive expense attributable to:			
Owners of the Company		(53,453)	(16,913)
Non-controlling interests		<u>(44)</u>	<u>(229)</u>
		<u>(53,497)</u>	<u>(17,142)</u>
		<i>HK\$</i>	<i>HK\$</i>
Loss per share			
Basic	7	<u>(0.15)</u>	<u>(0.14)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2023

	<i>NOTES</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Non-current assets			
Investment properties		226,190	250,916
Property, plant and equipment		332,343	351,249
Right-of-use assets		15,108	32,134
Deposits paid		3,230	6,991
Deferred tax assets		312	243
		577,183	641,533
Current assets			
Inventories		22,340	30,617
Trade and other receivables	9	30,726	28,239
Bank balances and cash		13,775	14,424
		66,841	73,280
Current liabilities			
Trade and other payables	10	24,299	30,041
Lease liabilities		23,754	38,520
Tax payable		147	140
Borrowings		37,300	12,917
		85,500	81,618
Net current liabilities		(18,659)	(8,338)
Total assets less current liabilities		558,524	633,195
Non-current liabilities			
Lease liabilities		4,637	17,839
Deferred tax liabilities		92,571	100,543
		97,208	118,382
Net assets		461,316	514,813
Capital and reserves			
Share capital		2,880	2,880
Reserves		459,683	513,136
Equity attributable to owners of the Company		462,563	516,016
Non-controlling interests		(1,247)	(1,203)
Total equity		461,316	514,813

Notes:

1. GENERAL AND BASIS OF PREPARATION

The Company 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 Company acts as an investment holding company. The principal activities of the Company’s subsidiaries are design, manufacture and retail of fashion apparel and accessories.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company.

In preparing the consolidated financial statements, the directors of the Company 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\$18,659,000 as at 31 March 2023.

For the year ended 31 March 2023, the Group generated operating cash flows of approximately HK\$6,184,000. As at 31 March 2023, total cash and cash equivalents of approximately HK\$13,775,000 were held by the Group and unutilised bank facilities amounted to approximately HK\$31,357,000 were available. On 15 May 2023, the Group entered into a sales and purchase agreement with an independent third party for disposal of a property situated in the PRC (under land and buildings held for own use) through disposal of a wholly-owned subsidiary of the Group at a consideration of RMB20,000,000. There would be net cash inflow of approximately HK\$22,000,000 upon the completion of said transaction.

Based on the aforesaid factors and cash flow forecast for the coming twelve months, the directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

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

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual periods beginning on or after 1 April 2022 for the preparation of the Group’s consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial position and performance for the current and prior years and/or on the disclosures set out in the Group's consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Revenue

The Group generated sales of fashion apparel and accessories with customers mainly through its own retail stores. For the years ended 31 March 2023 and 2022, 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	
	2023	2022	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	70,846	58,552	57,100	79,974	127,946	138,526
Inter-segment revenue	10,636	18,006	19,968	17,931	30,604	35,937
Segment revenue	81,482	76,558	77,068	97,905	158,550	174,463
Segment profit (loss)	11,261	(2,823)	(4,868)	(17,243)	6,393	(20,066)

4. OTHER INCOME

	2023	2022
	HK\$'000	HK\$'000
Gross rental income from investment properties	4,758	4,898
Interest income from bank deposits	17	20
Service fee income	1,208	1,018
Covid-19 related rent concessions	3,403	10,082
Government grants	2,820	1,457
Others	239	190
	12,445	17,665

5. OTHER GAINS AND LOSSES

	2023	2022
	HK\$'000	HK\$'000
Gain on early termination of lease contracts	300	9,220
Exchange gain (loss), net	1,606	(886)
Gain on disposal of property, plant and equipment	170	171
	<u>2,076</u>	<u>8,505</u>

6. INCOME TAX CREDIT

	2023	2022
	HK\$'000	HK\$'000
Current tax - Outside Hong Kong		
Provision for the year	<u>(317)</u>	<u>(259)</u>
Deferred tax	<u>6,281</u>	<u>307</u>
Income tax credit	<u>5,964</u>	<u>48</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

	2023	2022
	HK\$'000	HK\$'000
Loss for the year for the purpose of basic loss per share	<u>(42,857)</u>	<u>(40,718)</u>

Number of shares

	2023	2022
	'000	'000
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 paid or proposed for ordinary shareholders of the Company during the years ended 31 March 2023 and 2022, nor has any dividend been proposed since 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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 30 days	6,718	4,616
31 to 90 days	1,592	1,226
91 to 180 days	707	429
Over 180 days	—	1
	<u>9,017</u>	<u>6,272</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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 30 days	542	980
31 to 90 days	437	369
Over 90 days	3,522	3,105
	<u>4,501</u>	<u>4,454</u>

11. EVENTS AFTER THE REPORTING PERIOD

On 15 May 2023, the Group entered into a sale and purchase agreement with an independent third party, pursuant to which, the Group agreed to sell the entire issued shares in Busy Win International Limited, an indirect wholly-owned subsidiary of the Company, at a cash consideration of RMB20,000,000 (the “Disposal”). Details of the Disposal were set out in the announcement of the Company dated 15 May 2023.

MARKET OVERVIEW

During the Year under review, the apparel retail markets in Hong Kong and Mainland China experienced downturns in a volatile and complicated business environment, which was marked by irrepressibly high inflation, interest rate hikes by major central banks as a response, escalating geopolitical conflicts and, in the case of China, the government's tighter regulation of the property and technology sectors and its zero-Covid policy that have combined to cause an economic slowdown.

In Hong Kong, where Moiselle derived about 55% of its revenue, a recovery in the apparel retail market fell short of expectations because the mainland Chinese tourists who returned to the city after the full reopening of the border between the two places in February 2023 did not have as strong buying power as they used to have before the pandemic outbreak. For one thing, Mainland China has always accounted for a vast majority of the visitor arrivals in Hong Kong and its outbound tourists had buoyed up the city's consumer market. The Mainland Chinese tourists' weaker buying power had a considerable impact on the city's apparel retail sales. Moreover, the return of the Mainland Chinese tourists to the city in a larger number happened only towards the end of the Company's financial year under review and that number also fell short of expectations. It was because the country's outbound tourists preferred foreign countries to Hong Kong upon the relaxation of the about three-year long quarantine requirements for cross-border travellers. This means that Hong Kong's retailers lost some of its Mainland Chinese customers to those in other tourist destinations. Although the total visitor arrivals in the city rocketed by 561.5% to 604,564 in 2022 on an extremely low comparison base and due to the Hong Kong government's more relaxed quarantine measures for inbound travellers, the figure was merely a tiny fraction of the pre-pandemic level of about 55.91 million in 2019 (source: Hong Kong Tourism Board quoting the data from the Immigration Department of the Hong Kong Special Administrative Region ("HKSAR")). The number of the inbound tourists is still far from being enough to enable the retailers to make up for the decline in business. Hong Kong's retail market, which had previously benefited from the immense number of inbound travellers before the pandemic outbreak, had to depend on the local customers to a higher extent for its revival. Nevertheless, the value of retail sales of wearing apparel at retail outlets in the city, which had enjoyed a robust rebound of 22.06% in 2021 on the back of the revived local consumption amid easing anti-pandemic measures, lost its momentum in 2022, decreasing by approximately 9.04% to about HK\$29.56 billion (source: The Census and Statistics Department of the HKSAR). In Macau, the situation was similarly difficult as the government was compelled to impose a 12-day lockdown in the city in July 2022 upon the resurgence of the pandemic. In Mainland China, economic growth was slowing down in 2022 due to the government's zero-Covid policy and tighter regulation of the property and technology sectors. The latter measures led to the property market slump and downsizing at some technology firms respectively. This dampened the consumer sentiment. The value of retail of apparel, shoes, headwear and knitted products in the country declined by 6.5% to approximately RMB1.3 trillion in 2022 (source: National Bureau of Statistics of the People's Republic of China).

The rise of a younger generation of consumers whose consumption behaviour and preferences are different from those of the older generations, and the advent of information technologies such as the internet, electronic commerce and social media have reshaped the fashion apparel industry in recent years. Gearing fashion apparel more towards the younger generation and making full use of the information technologies to promote and sell the products are the way forward for the industry.

OVERVIEW OF OPERATIONS

Targeting the markets for luxurious and mid-range apparel, the Group operates such house brands as *MOISELLE*, *m.d.m.s*, and *GERMAIN*, 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 for house brands. The Group retails its products under the various brands at stores in prime locations. As at 31 March 2023, the Group had 32 stores and counters in Hong Kong, first- and second-tier cities of Mainland China, Macau and Taiwan, down from 38 as at 31 March 2022. 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 Group's operations in Hong Kong were a bright spot in its overall business performance despite a downturn in the city's apparel retail market as they recorded an increase of 21% to HK\$70,846,000 in revenue for the Year, which accelerated from the 6% growth in the financial year ended 31 March 2022 (the "Previous Financial Year"). The faster growth in the revenue was attributable to the HKSAR government's relaxation and later abolition of anti-pandemic measures. The ending of the social distancing measures encouraged more locals to go out and thus to dress for social gatherings while the full reopening of the border between Mainland China and Hong Kong towards the end of the Company's financial year under review helped to boost its business with inbound tourists to a certain extent. To capitalize on the eased anti-pandemic measures, the Group conducted small-scale handicraft courses at its stores and held mini-fashion shows at dining events in restaurants with the aim of attracting more new customers of a younger generation to both its on-trend and high-end fashion apparel. It also organized catwalk shows at dinners on the days of festivals to demonstrate new products.

As to the development of its retail network in the city, the Group had been prudently seeking for shop spaces with good prospect at reasonable rents with the aim of capitalizing on a recovery in the local apparel retail market. In December 2022, it opened a shop for an international brand *LANCASTER* at a shopping mall called MOKO at a multicomplex named Grand Century Place in Mong Kok. To seek help in dealing with the difficult operating environment, the Group negotiated with some landlords for rent concessions or lower rents upon renewal of leases for some shop spaces. It also applied to the HKSAR government for subsidies under the second round of the Employment Support Scheme and was granted such subsidies during the first half of the Year.

Meanwhile, the Group continued to develop its electronic commerce business as a more cost-effective means of sales and marketing. It had already opened two online platforms respectively for the marketing and sales of the *MOISELLE* products for its Hong Kong operations and for the retailing of its diffusion lines under such brands as *m.d.m.s.*, *GERMAIN* and *LANCASTER* for its Hong Kong-based concept store, *M CONZEPT* in the preceding two financial years. Moreover, it also continued to conduct short-term cooperation with online shopping website operators such as OnTheList which specializes in flash sales to boost sales during the Year.

As at 31 March 2023, the Group operated 7 *MOISELLE*, 2 *m.d.m.s.*, 2 *LANCASTER* and 2 *M CONZEPT* retail stores as well as one outlet (As at 31 March 2022, the Group operated 8 *MOISELLE*, 2 *m.d.m.s.*, 2 *LANCASTER* and 3 *M CONZEPT* retail stores as well as one outlet).

Operations in Mainland China

Revenue from the Group's operations in Mainland China dropped by 25% to HK\$32,095,000 during the Year as consumer sentiment was seriously affected by the country's slowing economic growth which had been triggered by the government's zero-Covid policy and tighter regulation of the property and technology sectors. The latter measures led to a property market slump and downsizing at some technology firms. Moreover, the protracted Covid pandemic also affected the Group's business adversely in certain periods in the second half of the Year.

To cope with the volatile and complicated business environment in the country, the Group pursued the strategy of keeping its store network to an optimal minimum by basically maintaining one store in each of the Mainland Chinese cities where it operates. It also continued to rationalize its retail network in the country. Following the closure of two underperforming stores, including one in Shanghai and one in Hangzhou, and the opening of one new store in Dalian during the Previous Financial Year, the Group closed one store in Xi'an, Shaanxi province, one store in Shenzhen, one store in Shanghai and one store in Guangzhou during the Year, but opened one store in a different location in Xi'an in June 2022, one store in a different location in Shenzhen in August 2022, one store in Hefei, Anhui province in October 2022, one store at No.1 Yaohan in Shanghai in November 2022 and one store at Guangzhou Friendship Store in Guangzhou, Guangdong province in December 2022. The Group 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.

To capitalize on the growing trend of electronic commerce in Mainland China, the Group had already formed separate alliances with three online shopping website operators, including CloudHappy Mall, Vipshop and Tmall in the past several years.

As at 31 March 2023, the Group operated 11 *MOISELLE* retail stores in the country (As at 31 March 2022, the Group operated 10 *MOISELLE* retail stores in the country).

Operations in Macau

For the Year, turnover at the Group's operations in Macau dropped by 30% to HK\$15,528,000 as business there was affected by a 12-day lockdown imposed by the government in July 2022 to cope with the resurgence of the pandemic. The decrease in its revenue there was also attributable to the Company's scaled down retail network there in view of the downturn in business. The Group closed down its *M CONZEPT* store at the Parisian Macao Hotel at the end of August 2022 due to lack of foot fall and business there. It also closed down its *m.d.m.s* store at the Venetian Macao Resort Hotel. As at 31 March 2023, the Group operated two shops in the city, namely 1 *MOISELLE* and 1 *LANCASTER* retail stores at the Venetian Macao Resort Hotel (As at 31 March 2022: 1 *M CONZEPT*, 1 *MOISELLE*, 1 *m.d.m.s.* and 1 *LANCASTER* retail stores).

Operations in Taiwan

The protracted Covid-19 pandemic and the rapid deceleration of Taiwan's economic growth to 2.45% in 2022 from 6.53% in 2021 sent revenue at the Group's operations there plunging by 27% to approximately HK\$9,477,000, which accounted for about 7% of the Group's turnover for the Year. The Group scaled down its retail network in Taiwan and operated 3 *MOISELLE* and one *LANCASTER* retail stores as well as one outlet there as at 31 March 2023 (As at 31 March 2022: 5 *MOISELLE* and 2 *LANCASTER* retail stores as well as one outlet).

FINANCIAL REVIEW

Overview

The Group's turnover decreased by approximately 8% to approximately HK\$127,946,000 (2022: HK\$138,526,000) during the year ended 31 March 2023 as compared with 2022. The revenue earned from Hong Kong segment increased by approximately 21% to approximately HK\$70,846,000 (2022: HK\$58,552,000). The relaxation of government measures had contributed to increase in revenue of the segment under improved traffic of customers at all points of sales. The segment contributed to 55% (2022: 42%) of the Group's total revenue.

The revenue of the segment outside Hong Kong decreased by approximately 29% to approximately HK\$57,100,000 (2022: HK\$79,974,000) during the year ended 31 March 2023 mainly due to decreased in performance in Macau and the Mainland China where as newly established retail network had not reached breakeven level during the year. The segment contribution decreased to 45% (2022: 58%) as a result.

During the year, the Group's gross profit margin was approximately 72.9%, as compared to 69.7% of the previous year. Increase in gross profit margin reflected the stable business with certain discounted sales and promotion activities during the financial year. Operating expenses for the year ended 31 March 2023 totaled approximately

HK\$132,781,000, compared to approximately HK\$167,245,000 for 2022, decreased by approximately 21%. 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\$24,980,000 (2022: HK\$44,469,000).

The loss attributable to the equity shareholders for the year ended 31 March 2023 was approximately HK\$42,857,000 (2022: HK\$40,718,000), increased mainly due to the loss on changes in fair value of investment properties.

Liquidity and financial resources

During the year ended 31 March 2023, 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\$14 million (2022: HK\$14 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 2023, the Group was granted aggregate composite banking facilities of approximately HK\$73 million (2022: HK\$73 million) by various commercial banks. Within the overall banking facilities, the Group secured bank borrowings of HK\$37 million (2022: 13 million) at operating subsidiary level financing its working capital as at 31 March 2023. The Group was also benefited from the utilisation of banking facilities HK\$4 million (2022: HK\$8 million) such as bank guarantee as at 31 March 2023.

The Group ran into net current liabilities of HK\$19 million as at the year end (2022: HK\$8 million), with current assets being less than current liabilities. As at 31 March 2023, the gearing ratio (aggregate of bank borrowings and lease liabilities divided by shareholders' equity) was approximately 14.2% (2022: 13.5%).

Charge on assets

As at 31 March 2023, land and buildings held for own use and investment properties with a carrying value of approximately HK\$122 million (31 March 2022: HK\$127 million) were pledged to secure bank borrowings granted to the Group.

OUTLOOK

Although governments in many countries have already scrapped anti-pandemic measures, the apparel retail markets in which the Group is operating have yet to fully recover and are still faced with challenging problems such as weak economy, high inflation and high prime rates in addition to the fundamental changes in them.

Nevertheless, there are hopes of recovery in the economies of Mainland China and Hong Kong in 2023 even if they would probably be growing more slowly than they had done in the past before the pandemic outbreaks. Therefore, the Group remained cautiously optimistic about the prospect of the fashion apparel retail industry and has been preparing to take advantage of the improvement in the market. In the past four years, the Group has repositioned its major house brand *MOISELLE* to cater for the preferences and consumption patterns of a younger generation of customers, sped up the development of its electronic commerce business with the help of social media, mobile application and alliances with online shopping platform operators, and pursued the strategy of running its store network at an optimal minimum as part of its rationalization drive.

While it has taken a prudent approach to business development during the difficult business environment in the past several years by stepping up cost control measures, developing its retail network more prudently and building up its electronic commerce business as a more cost-effective means of sales and marketing, it is also seeking to expand its retail network in Hong Kong by opening new shops at some places with good prospect at reasonable rents. For instance, it opened a store for an international brand *LANCASTER* at a shopping mall called MOKO at a multicomplex named Grand Century Place in Mong Kok in December 2022, and opened a *MOISELLE* store in New Henry House in Central in May 2023. In Mainland China, the Group will keep its store network to an optimal minimum by basically maintaining one store in each of the cities where it operates and continue to take out short leases on shop spaces so that it can adjust the scale of its store network more flexibly.

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 2023, the Group employed 285 (2022: 300) 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 2023.

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the year ended 31 March 2023.

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.

PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE COMPANY

The Board proposed to amend and restate the existing memorandum and articles of association of the Company (“Memorandum and Articles”) for the purposes of, among others, aligning the Memorandum and Articles with the legal and regulatory requirements, including the applicable laws of the Cayman Islands and the amendments made to Appendix 3, in respect to a uniform set of 14 “Core Standards” for the shareholder protections, to Listing Rules which took effect on 1 January 2022. Other house-keeping amendments to the Memorandum and Articles are also proposed for the purpose of clarifying existing practices and making consequential amendments in line with the amendments to the Memorandum and Articles (collectively, the “Amendments”). After the proposed amendments to the Memorandum and Articles come into effect, the full text of the new set of Memorandum and Articles will be published on the websites of the Company (<https://ir.moiselle.com.hk>) and the Stock Exchange (www.hkexnews.hk).

The proposed Amendments are subjected to the approval of the shareholders by way of a special resolution (“Special Resolution”) at the upcoming annual general meeting, with the amendments to take effect when the proposed Amendments become effective at the annual general meeting. Prior to the passing of the Special Resolution, the existing Memorandum and Articles shall remain valid.

A circular of the annual general meeting of the Company containing, inter alia, full details of the proposed Amendments to the Memorandum and Articles, together with a notice of the annual general meeting of the Company and the related proxy form, will be despatched to the shareholders of the Company in due course.

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 2023. The audit committee comprises three independent non-executive directors of the Company, Ms. Yu Yuk Ying, Vivian, Mr. Chu Chun Kit, Sidney and Ms. Wong Shuk Ying, Helen.

SCOPE OF WORK OF BAKER TILLY HONG KONG LIMITED

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 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, Baker Tilly Hong Kong Limited, to the amounts set out in the Group's audited consolidated financial statements for the year as approved by the Board. The work performed by Baker Tilly Hong Kong Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Baker Tilly Hong Kong Limited on the preliminary announcement.

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

Hong Kong, 29 June 2023

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, Ms. Wong Shuk Ying, Helen and Dr. Ng Lai Man, Carmen.