



2023/2024  
INTERIM REPORT

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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

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## **CORPORATE INFORMATION**

### **BOARD OF DIRECTORS**

#### **Executive**

Mr. CHAN Yum Kit (*Chairman*)  
Ms. TSUI How Kiu, Shirley  
Mr. CHAN Sze Chun

#### **Independent Non-Executive**

Ms. YU Yuk Ying, Vivian  
Mr. CHU Chun Kit, Sidney  
Ms. WONG Shuk Ying, Helen  
Dr. NG Lai Man, Carmen

#### **AUDIT COMMITTEE**

Ms. YU Yuk Ying, Vivian  
Mr. CHU Chun Kit, Sidney  
Ms. WONG Shuk Ying, Helen

#### **REMUNERATION COMMITTEE**

Ms. YU Yuk Ying, Vivian  
Mr. CHU Chun Kit, Sidney  
Mr. CHAN Sze Chun

#### **NOMINATION COMMITTEE**

Ms. YU Yuk Ying, Vivian  
Ms. WONG Shuk Ying, Helen  
Ms. TSUI How Kiu, Shirley

#### **COMPANY SECRETARY**

Ms. PANG Lin

#### **REGISTERED OFFICE**

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

### **HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS**

Units 1-5, 11th Floor  
Kodak House 2  
39 Healthy Street East  
North Point  
Hong Kong

#### **WEBSITES**

<https://moiselle-hk.com>  
<https://ir.moiselle.com.hk>

### **PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE**

Conyers Trust Company (Cayman) Limited  
Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

### **HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE**

Hong Kong Registrars Limited  
Shops 1712-1716  
17th Floor  
Hopewell Centre  
183 Queen's Road East  
Hong Kong

The board of directors (the “Board”) of Moiselle International Holdings Limited (the “Company”) announces that the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “Group” or “Moiselle”) for the six months ended 30 September 2023, together with the comparative figures for the corresponding period in 2022, are as follows:

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

<i>(in HK\$'000)</i>	Notes	Unaudited Six months ended 30 September	
		2023	2022
<b>Revenue</b>	2	<b>64,620</b>	56,133
Cost of sales		<b>(13,935)</b>	(13,818)
<b>Gross profit</b>		<b>50,685</b>	42,315
Other income		<b>3,447</b>	7,483
Other gains and losses		<b>(1,642)</b>	(1,356)
Distribution and selling expenses		<b>(37,689)</b>	(39,225)
Administrative and other operating expenses		<b>(27,450)</b>	(24,837)
<b>Loss from operations</b>		<b>(12,649)</b>	(15,620)
Gain on disposal of subsidiaries		<b>2,114</b>	–
Finance costs		<b>(1,636)</b>	(820)
<b>Loss before taxation</b>		<b>(12,171)</b>	(16,440)
Income tax expense	3	<b>(3,110)</b>	(325)
<b>Loss for the period</b>	4	<b>(15,281)</b>	(16,765)
<b>Other comprehensive income (expense)</b>			
<i>Item that will not be reclassified to profit or loss:</i>			
Income tax relating to subsidiaries upon disposal		<b>8,076</b>	–
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Reserves relating to subsidiaries upon disposal		<b>(13,454)</b>	–
Exchange differences arising on translation of foreign operations		<b>2,679</b>	(392)
		<b>(2,699)</b>	(392)
<b>Total comprehensive expense for the period</b>		<b>(17,980)</b>	(17,157)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
 OTHER COMPREHENSIVE INCOME**

<i>(in HK\$'000)</i>	<i>Notes</i>	<b>Unaudited Six months ended 30 September 2023</b>	2022
<b>Loss for the period attributable to:</b>			
Owners of the Company		<b>(15,283)</b>	(16,721)
Non-controlling interests		<u>2</u>	<u>(44)</u>
		<b><u>(15,281)</u></b>	<b><u>(16,765)</u></b>
<b>Total comprehensive expense attributable to:</b>			
Owners of the Company		<b>(17,982)</b>	(17,113)
Non-controlling interests		<u>2</u>	<u>(44)</u>
		<b><u>(17,980)</u></b>	<b><u>(17,157)</u></b>
<b>Loss per share</b>			
Basic <i>(HK dollars)</i>	5	<b><u>(0.05)</u></b>	<b><u>(0.06)</u></b>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

<i>(in HK\$'000)</i>	<i>Notes</i>	<b>As at 30 September 2023 (Unaudited)</b>	<b>As at 31 March 2023 (Audited)</b>
<b>Non-current assets</b>			
Investment properties		<b>226,190</b>	226,190
Property, plant and equipment		<b>294,769</b>	332,343
Right-of-use assets		<b>20,975</b>	15,108
Deposits paid		<b>3,892</b>	3,230
Deferred tax assets		<b>339</b>	312
		<b>546,165</b>	577,183
<b>Current assets</b>			
Inventories		<b>23,908</b>	22,340
Trade and other receivables	7	<b>30,764</b>	30,726
Bank balances and cash		<b>34,148</b>	13,775
		<b>88,820</b>	66,841
<b>Current liabilities</b>			
Trade and other payables	8	<b>25,612</b>	24,299
Lease liabilities		<b>25,088</b>	23,754
Tax payable		<b>2,291</b>	147
Borrowings		<b>46,854</b>	37,300
		<b>99,845</b>	85,500
<b>Net current liabilities</b>		<b>(11,025)</b>	(18,659)
<b>Total assets less current liabilities</b>		<b>535,140</b>	558,524
<b>Non-current liabilities</b>			
Lease liabilities		<b>6,381</b>	4,637
Deferred tax liabilities		<b>85,423</b>	92,571
		<b>91,804</b>	97,208
<b>Net assets</b>		<b>443,336</b>	461,316
<b>Capital and reserves</b>			
Share capital		<b>2,880</b>	2,880
Reserves		<b>441,701</b>	459,683
<b>Equity attributable to owners of the Company</b>		<b>444,581</b>	462,563
<b>Non-controlling interests</b>		<b>(1,245)</b>	(1,247)
<b>Total equity</b>		<b>443,336</b>	461,316

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>(in HK\$'000)</i>	Unaudited									
	Six month ended 30 September									
	Attributable to equity shareholders of the Company									
	Share capital	Share premium	Other reserve	Exchange reserve	Statutory reserve funds	Property revaluation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
<b>At 1 April 2022</b>	2,880	65,327	121	29,935	9,336	437,654	(29,237)	516,016	(1,203)	514,813
Loss for the period	-	-	-	-	-	-	(16,721)	(16,721)	(44)	(16,765)
Exchange differences arising from translation of foreign operations	-	-	-	(392)	-	-	-	(392)	-	(392)
<b>Total comprehensive expense for the period</b>	-	-	-	(392)	-	-	(16,721)	(17,113)	(44)	(17,157)
<b>At 30 September 2022</b>	2,880	65,327	121	29,543	9,336	437,654	(45,958)	498,903	(1,247)	497,656
<b>At 1 April 2023</b>	2,880	65,327	121	20,701	9,336	436,292	(72,094)	462,563	(1,247)	461,316
Loss for the period	-	-	-	-	-	-	(15,283)	(15,283)	2	(15,281)
Income tax relating to subsidiaries upon disposal	-	-	-	-	-	8,076	-	8,076	-	8,076
Reserves relating to subsidiaries upon disposal	-	-	-	(9,430)	(4,024)	-	-	(13,454)	-	(13,454)
Exchange differences arising from translation of foreign operations	-	-	-	2,679	-	-	-	2,679	-	2,679
<b>Total comprehensive (expense) income for the period</b>	-	-	-	(6,751)	(4,024)	8,076	(15,283)	(17,982)	2	(17,980)
<b>Transfer of property revaluation surplus to accumulated losses upon disposal</b>	-	-	-	-	-	(28,773)	28,773	-	-	-
<b>At 30 September 2023</b>	2,880	65,327	121	13,950	5,312	415,595	(58,604)	444,581	(1,245)	443,336

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	<b>Unaudited Six months ended 30 September</b>	
<i>(in HK\$'000)</i>	<b>2023</b>	2022
<b>Operating activities</b>		
Cash from (used in) operations	<b>6,181</b>	(3,229)
Tax paid	<b>(153)</b>	(162)
<b>Net cash from (used in) operating activities</b>	<b>6,028</b>	(3,391)
<b>Investing activities</b>		
Proceeds from disposal of subsidiaries	<b>22,396</b>	–
Payment of rental deposits	<b>(1,884)</b>	(2,411)
Purchase of property, plant and equipment	<b>(6,019)</b>	(1,237)
Refund of rental deposits	<b>1,260</b>	3,049
Other cash flows arising from investing activities	<b>299</b>	9
<b>Net cash from (used in) investing activities</b>	<b>16,052</b>	(590)
<b>Financing activities</b>		
Proceeds from new borrowings	<b>41,006</b>	31,708
Repayment of bank borrowings	<b>(31,452)</b>	(11,844)
Repayment of lease liabilities	<b>(11,490)</b>	(15,559)
Interest element of lease rentals paid	<b>(478)</b>	(457)
Other cash flows arising from financing activities	<b>(1,158)</b>	(363)
<b>Net cash (used in) from financing activities</b>	<b>(3,572)</b>	3,485
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>18,508</b>	(496)
<b>Cash and cash equivalents at beginning of the period</b>	<b>13,775</b>	14,424
Effect of foreign exchange rate changes	<b>1,865</b>	(289)
<b>Cash and cash equivalents at end of the period</b>	<b>34,148</b>	13,639
<b>Analysis of balance of cash and cash equivalents</b>		
Deposits with banks within three months to maturity when placed	<b>19,286</b>	–
Cash at bank and in hand	<b>14,862</b>	13,639
<b>Bank balances and cash in the condensed consolidated statement of financial position and cash and cash equivalents in the condensed consolidated statement of cash flows</b>	<b>34,148</b>	13,639

## **NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**

### **1. BASIS OF PREPARATION AND ACCOUNTING POLICIES**

These unaudited condensed consolidated interim financial statements are prepared in accordance with the requirements of the Rules Governing the Listing of Securities (“Listing Rules”) on The Stock Exchange of Hong Kong Limited, including compliance with the Hong Kong Accounting Standard (“HKAS”) 34 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The accounting policies and methods of computation used in the preparation of these interim financial statements are consistent with those used in the Group’s annual financial statements for the year ended 31 March 2023, except in relation to the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”, which term collectively includes HKASs and Interpretations) which are effective for accounting periods beginning on or after 1 April 2023 and are adopted for the first time by the Group.

#### **Amendments to HKFRSs adopted by the Group**

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA which are mandatorily effective for the annual period beginning on or after 1 April 2023 for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

#### **New and amendments to standards and interpretations issued but not yet effective**

Certain new and amendments to standards and interpretations have been published that are not mandatory for the current reporting period and have not been early adopted by the Group. These new and amendments to standards and interpretations are not expected to have a material impact on the Group’s condensed consolidated financial statements.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

### 2. REVENUE

#### Revenue

The Group generates sales of fashion apparel and accessories with customers mainly through its own retail stores. 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 Mainland China and sales of house brands and imported brands in Mainland China, Macau and Taiwan.

	Unaudited					
	Six months ended 30 September					
	Hong Kong		Outside Hong Kong		Total reportable segments	
(in HK\$'000)	2023	2022	2023	2022	2023	2022
Revenue from external customers	<b>39,447</b>	30,282	<b>25,173</b>	25,851	<b>64,620</b>	56,133
Inter-segment revenue	<b>4,451</b>	5,103	<b>12,118</b>	11,009	<b>16,569</b>	16,112
<b>Segment revenue</b>	<b>43,898</b>	35,385	<b>37,291</b>	36,860	<b>81,189</b>	72,245
<b>Segment profit (loss)</b>	<b>9,937</b>	3,037	<b>(189)</b>	(2,864)	<b>9,748</b>	173
Unallocated expenses					<b>(24,202)</b>	(21,920)
Other income and other gains and losses					<b>1,805</b>	6,127
Gain on disposal of subsidiaries					<b>2,114</b>	–
Finance costs					<b>(1,636)</b>	(820)
Loss before taxation					<b>(12,171)</b>	(16,440)

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

### 3. INCOME TAX EXPENSE

<i>(in HK\$'000)</i>	<b>Unaudited Six months ended 30 September</b>	
	<b>2023</b>	2022
Current tax – Outside Hong Kong		
Provision for the period	<b>145</b>	82
Under-provision in respect of prior years	<b>2,152</b>	–
	<b>2,297</b>	82
Deferred tax	<b>813</b>	243
Income tax expense	<b>3,110</b>	325

The provision for Hong Kong Profits Tax is calculated at 16.5% (2022: 16.5%) of the estimated assessable profits for the six months ended 30 September 2023. Taxation for the People's Republic of China and overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant tax jurisdictions.

### 4. LOSS FOR THE PERIOD

Loss for the period is arrived at after charging (crediting):

<i>(in HK\$'000)</i>	<b>Unaudited Six months ended 30 September</b>	
	<b>2023</b>	2022
Depreciation of		
– property, plant and equipment	<b>6,091</b>	6,725
– right-of-use assets	<b>10,452</b>	11,399
Exchange loss, net	<b>1,642</b>	1,656
Impairment losses on		
– property, plant and equipment	<b>5</b>	222
– right-of-use assets	<b>929</b>	1,150
Interests on		
– bank borrowings	<b>1,158</b>	243
– lease liabilities	<b>478</b>	457
Covid-19 related rent concessions	–	(2,250)
Gain on disposal of property, plant and equipment	–	(5)
Gain on early termination of lease contracts	–	(295)
Government grants	<b>(418)</b>	(2,145)

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

### 5. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to the owners of the Company of approximately HK\$15,283,000 (2022: HK\$16,721,000) and the weighted average number of 287,930,000 (2022: 287,930,000) ordinary shares in issue during the period.

Diluted loss per share is not presented both for the six months ended 30 September 2023 and for the comparative period as there were no dilutive potential ordinary shares in issue during the periods.

### 6. INTERIM DIVIDEND

The Board does not declare the payment of an interim dividend for the year ending 31 March 2024 (2023: Nil).

### 7. TRADE AND OTHER RECEIVABLES

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

<i>(in HK\$'000)</i>	<b>As at 30 September 2023 (Unaudited)</b>	As at 31 March 2023 (Audited)
Within 30 days	<b>6,079</b>	6,718
31 to 90 days	<b>1,835</b>	1,592
91 to 180 days	<b>675</b>	707
Over 180 days	<b>92</b>	–
	<b>8,681</b>	9,017

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

**8. 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:

<i>(in HK\$'000)</i>	<b>As at 30 September 2023 (Unaudited)</b>	As at 31 March 2023 (Audited)
Within 30 days	<b>688</b>	542
31 to 90 days	<b>540</b>	437
Over 90 days	<b>4,139</b>	3,522
	<b>5,367</b>	4,501

**9. COMMITMENTS**

<i>(in HK\$'000)</i>	<b>As at 30 September 2023 (Unaudited)</b>	As at 31 March 2023 (Audited)
Capital expenditure contracted for but not provided for in the condensed consolidated financial statements in respect of acquisition of property, plant and equipment	<b>19</b>	—

In addition, the Group was committed as at 30 September 2023 to enter into a new lease of three years that has not yet commenced, the lease payments under which amounted to HK\$2,739,000 per annum (31 March 2023: HK\$1,404,000).

## MANAGEMENT DISCUSSION AND ANALYSIS

### MARKET OVERVIEW

In the first nine months of 2023, the apparel retail markets of Hong Kong and Mainland China rebounded robustly as the two places' economic recovery showed signs of gaining momentum. This despite the still volatile and complicated business environment which was marked by irrepressibly high inflation, interest rate hikes by major central banks as a response in some developed countries, escalating geopolitical conflicts and, in the case of China, the ongoing crisis in the property sector.

In Hong Kong, where Moiselle derived about 61% of its revenue, the value of retail sales of wearing apparel at retail outlets surged by 47.52% year on year in the first nine months of 2023 to about HK\$31.90 billion, in contrast to the year-on-year drop of 9.7% in the same period of 2022 (source: The Census and Statistics Department of the Hong Kong Special Administrative Region ("HKSAR")). The rebound can be partly attributed to the surge in the number of the returning tourists after the Hong Kong government scrapped all quarantine measures for inbound travellers on 1 April 2023. The total visitor arrivals in the city increased about 92-fold to approximately 23.32 million during the period from January to September of 2023 on an extremely low comparison base in the same period of 2022. However, the figure was only about half the pre-pandemic level of about 46.76 million in the same period of 2019 (source: Hong Kong Tourism Board quoting the data from the Immigration Department of the HKSAR). Retailers who mainly depended on inbound travellers for business had yet to see a full recovery.

In Mainland China, the government's stimulus package seemed to begin yielding results as the economy showed signs of stabilization. The country's gross domestic product grew by 4.9% year on year in the third quarter of 2023 and seemed to be on track to meet the full-year growth target of around 5% for 2023. Consumer sentiment which had earlier been weakened by the property sector crisis and a bleaker employment prospect seemed to recover to a certain extent in the first nine months of 2023, when the value of retail of apparel, shoes, headwear and knitted products in the country increased by 10.6% year on year to approximately RMB993.5 billion. The growth contrasted with the year-on-year decline of 4.0% in the same period of 2022 (source: National Bureau of Statistics of the People's Republic of China).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

In recent years, the fashion apparel industry has been reshaped by a number of factors, including demographic trends such as the emergence of a younger generation of consumers whose consumption behaviour and preferences are different from those of the older generations, population aging and longer life expectancy; and the advent of information technologies such as the internet, electronic commerce and social media. Catering to the preferences of both the younger generation and the youthful, energetic middle-aged people with longer life expectancy as well as making full use of the information technologies to promote and sell the products are the way forward for the industry.

### **RESULTS**

Moiselle mainly engages in retailing women's fashion apparel to high-end and upper-middle markets. To adapt to the changes in the market, it has also been gearing itself more towards the design and sale of on-trend apparel targeted at the younger generation of customers while catering to the preferences of the middle-aged customers. For the first six months ended 30 September 2023 (the "Period") of the financial year ending 31 March 2024, Moiselle still recorded a loss because the apparel retail market of Hong Kong had yet to fully recover to the pre-pandemic level. The number of visitor arrivals in Hong Kong in the first nine months of 2023 after the full reopening of the border between Mainland China and the city was only about half that of the pre-pandemic level in the same period of 2019. Moreover, the mainland Chinese tourists had lower buying power now than they used to have before the pandemic outbreak. Their interest also shifted more to sightseeing from shopping.

However, the Group's loss narrowed by about 9% year on year to HK\$15 million and its turnover increased by 15% year on year to HK\$65 million for the Period on the back of the improving conditions of Hong Kong's apparel retail market. Operating loss narrowed by about 19% year on year to HK\$13 million.

The Group's operations in various geographical markets had uneven performances. Its operations in Hong Kong recorded a year-on-year increase of 30% in revenue for the Period. Revenue from its operations in Macau increased by 15% year on year but those from its operations in Mainland China and Taiwan decreased by 9% and 5% year on year, respectively. The Group's operations in Hong Kong accounted for 61% of its revenue while those in Mainland China contributed to 22%. Operations in Macau and Taiwan made up 11% and 6% respectively of the Group's revenue. Gross profit margin was 78.4% for the Period, compared with the 75.4% for the same period of the previous financial year ended 31 March 2023.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

For the Period, the Group pressed on with its business transformation initiatives that it had adopted for more than four years to cope with the fundamental changes in the fashion apparel market and the complicated, volatile business environment.

In the customer base, there has been a growing trend of a predominance of the younger generation of consumers, who prefer mid-range, on-trend fashion apparel of simpler design to the classic one of elaborate design. Meanwhile, there is a growing number of youthful, energetic middle-aged people with longer life expectancy who also like trendy wear.

To adapt itself to the demographic trend, the Group has repositioned its major house brand *MOISELLE* as a brand that accentuates the beauty of Asian women's silhouette through two fashion lines, namely the classic and elegant fashion apparel on the one hand and the on-trend, unique fashion apparel that projects a youthful image on the other hand since 2020. It also enriched the concept of its repositioning by inventing a theme for marketing its seasonal collection which was about manifesting the wearers' personalities and self-awakening in the financial year ended 31 March 2021. The concept is summed up in a slogan "C'est MOI, MOISELLE" ("我就是慕詩" in Chinese). Gearing its products more towards the younger generation of customers, the Group has increased the portion of mid-range, on-trend and unique fashion apparel from about 30% of the total number of stock keeping units ("SKU") in the financial year ended 31 March 2020 to the optimal level of about 50% since the financial year ended 31 March 2021. In November and December 2023, the Group launched the *MOISELLE* brand's special resort 2024 collection under the theme "M27" in more than 50 SKUs to celebrate its 27th anniversary in year 2024. The collection consisted of high-end, slim-fit vests, jackets and jeans that featured patterns inspired by the phoenix coronet and blue-and-white porcelain of the Ming dynasty. It also held a fashion show in Shenzhen, Guangdong province in October 2023 under the theme of "Moonrise in Rome" to demonstrate its latest deluxe fashion apparel such as dresses and jackets that featured patterns of traditional Chinese embroidery and manifested the personalities of independent women. Overall, it broadened both the product range and price range to better meet the more varied wants and needs of the customers.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

To capitalize on the growing trend of electronic commerce and people's increasing use of internet for obtaining information about fashion trends, the Group had 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 CONCEPT*, in the two financial years ended 31 March 2021 and 31 March 2022. It also continued to conduct short-term cooperation with an online shopping website operator, OnTheList, which specializes in flash sales to boost sales during the Period. In Mainland China, the Group formed an alliance with one more leading Chinese e-commerce company, JD.com, Inc. (“京東集團” in Chinese) in April 2023 to market and sell its products. Over the years, the Group has been developing its electronic commerce business in the country through its separate alliances with three local electronic commerce website operators, namely CloudHappy Mall (“雲歡商城” in Chinese), VIP.com which specializes in online discount sales and is operated by Vipshop (“唯品會” in Chinese) and Tmall. Such online platforms for sales and marketing can be combined with the Group's mobile phone-enabled application to build up a customer base and carry out precision marketing.

To strengthen its business presence in its various geographical markets, the Group kept on rationalizing its retail networks there and maintaining them to an optimal minimum. In Mainland China, it no longer opened as many stores as before in the traditional large shopping malls, but basically maintained one store in each of the Mainland Chinese cities where it operated, and rented shop spaces on short leases which offered the Group more flexibility in adjusting the scale of its store network. In Hong Kong, the Group pursued the strategy of expanding its retail network at prime locations with good prospect at reasonable rents. It aimed to build up its stores in the city by improving their performance. It enhanced the shopping experience at its stores by incorporating such elements as environmental awareness, quality lifestyle and art into the interior decoration. As part of its sales and marketing efforts, the Group conducted small-scale handicraft courses at its stores with the aim of attracting more new customers of a younger generation to both its on-trend and high-end fashion apparel.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 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 30 September 2023, the Group had 35 stores and counters in Hong Kong, first- and second-tier cities of Mainland China, Macau and Taiwan, up from 32 as at 31 March 2023. 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

Among all of the Group's operations in various geographical markets, those in Hong Kong had the best performance, recording a year-on-year increase of 30% to HK\$39,447,000 in revenue for the Period. The growth could be attributed to a rebound in visitor arrivals in the city after the full reopening of its border with Mainland China and the abolition of all quarantine measures for inbound travellers on 1 April 2023. Nevertheless, the number of visitor arrivals in Hong Kong in the first nine months of 2023 was only about half that of the pre-pandemic level in the same period of 2019 so the Group's business in the city had yet to fully recover.

In the past several years, the Group has been actively developing its electronic commerce business and rationalizing its store network.

During the Period, 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 two financial years ended 31 March 2021 and 31 March 2022. Moreover, it also continued to conduct short-term cooperation with an online shopping website operator, OnTheList, which specializes in flash sales to boost sales during the Period.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

To strengthen its business presence in Hong Kong and to capitalize on a recovery in the local apparel retail market, the Group had been prudently seeking for shop spaces with good prospect at reasonable rents. It opened a *MOISELLE* store in New Henry House in Central in May 2023. It had earlier 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. The Group continued to build up its stores in the city by improving their performance. As part of its sales and marketing efforts, the Group conducted small-scale handicraft courses at its stores with the aim of attracting more new customers of a younger generation to both its on-trend and high-end fashion apparel.

As at 30 September 2023, the Group operated 8 *MOISELLE*, 2 *m.d.m.s.*, 2 *LANCASTER* and 2 *M CONZEPT* retail stores as well as one outlet in the city (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).

### **Operations in Mainland China**

Revenue from the Group's operations in Mainland China decreased by 9% year on year to HK\$14,611,000 during the Period as consumers remained cautious in view of the uncertainty cast by the property sector's crisis and the strained Sino-United States relations over the domestic economy. Nevertheless, the government's stimulus package seemed to begin yielding results as the economy showed signs of stabilization. The apparel retail market was highly competitive and leading brands vied for prime locations at the top-ranking shopping malls in cities. This year, landlords at the shopping malls re-introduced a rental arrangement under which fixed rents and certain percentages of the surplus revenue from sales were charged. All this resulted in higher rents.

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. During the Period, the Group opened one store in Wenzhou, Zhejiang province and one counter at a department store in Guangzhou, but closed one store in Hefei, Anhui province. Subsequent to the Period, the Group opened one store in Kunming, Yunnan province.

## MANAGEMENT DISCUSSION AND ANALYSIS

To further capitalize on the growing trend of electronic commerce in Mainland China, the Group formed an alliance with one more leading Chinese e-commerce company, JD.com, Inc. in April 2023 to market and sell its products. In the past several years, the Group had already formed separate alliances with three online shopping website operators, including CloudHappy Mall, Vipshop and Tmall.

As part of its marketing efforts, the Group held a fashion show in Shenzhen, Guangdong province in October 2023 under the theme of “Moonrise in Rome” to feature its latest deluxe fashion apparel.

As at 30 September 2023, the Group operated 12 *MOISELLE* retail stores in the country (As at 31 March 2023: 11 *MOISELLE* retail stores).

### Operations in Macau

For the Period, turnover at the Group’s operations in Macau increased by 15% year on year to HK\$6,908,000 as business was buoyed up by a rebound in the number of inbound tourists in the city after the full reopening of its border with Mainland China. However, the Company’s business was slightly affected by the relocation of its two stores at The Venetian Macao, a hotel and casino resort in the city. As at 30 September 2023, the Group operated two shops in the city, namely 1 *MOISELLE* and 1 *LANCASTER* retail stores at The Venetian Macao (As at 31 March 2023: 1 *MOISELLE* and 1 *LANCASTER* retail stores).

### Operations in Taiwan

Weak economy in Taiwan led to a year-on-year decrease of 5% in revenue at the Group’s operations there to approximately HK\$3,654,000, which accounted for about 6% of the Group’s turnover for the Period. The Group operated 3 *MOISELLE* and two *LANCASTER* retail stores plus one outlet there as at 30 September 2023 (As at 31 March 2023: 3 *MOISELLE* and one *LANCASTER* retail stores as well as one outlet).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **OUTLOOK**

Having undergone the harsh business environment for more than three years, the apparel retail markets in which the Group is operating may need to take more than two years to fully recover.

Unfavourable factors that cloud the prospect remain, including the sluggish economy, volatile and tense geopolitical situation, high inflation and high interest rates that persist in developed countries. Nevertheless, the apparel retail markets in Hong Kong and Mainland China seem to have bottomed out and have rebounded. The Group believes that, as long as the economy stabilizes and the interest rates peak, business can improve.

To grasp opportunities in the anticipated recovery in the fashion apparel market, the Group plans to expand its electronic commerce business in Mainland China by forming alliances with more local online shopping platform operators, develop the fashion apparel wholesale market in Canada by selling to a distributor in Vancouver, and strengthen its business presence in Hong Kong by opening new shops at some places with good prospect at reasonable rents in the second half of its financial year. It will also step up the training of its staff in its products' characteristics and design concepts so that they can match the pace of its development.

For more than 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 as a more cost-effective means of sales and marketing 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.

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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL POSITION

During the period, 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 period, the Group's aggregate bank deposits and cash balances amounted to approximately HK\$34 million (31 March 2023: HK\$14 million). As at 30 September 2023, the Group was granted aggregate composite banking facilities of approximately HK\$73 million (31 March 2023: HK\$73 million) by various commercial banks. Within the overall banking facilities, the Group secured bank borrowings of HK\$47 million (31 March 2023: 37 million) at operating subsidiary level financing its working capital as at 30 September 2023. The Group was also benefited from the utilisation of banking facilities of HK\$5 million (31 March 2023: HK\$4 million) such as bank guarantee as at 30 September 2023.

The Group ran into net current liabilities of HK\$11 million as at 30 September 2023 (31 March 2023: HK\$19 million), with current assets being less than current liabilities. As at 30 September 2023, the gearing ratio (aggregate of bank borrowings and lease liabilities divided by shareholders' equity) was approximately 17.6% (31 March 2023: 14.2%).

### Charge on assets

As at 30 September 2023, land and buildings held for own use and investment properties with a carrying value of approximately HK\$120 million (31 March 2023: HK\$122 million) were pledged to secure bank borrowings granted to the Group.

### EMPLOYEE

As at 30 September 2023, the Group employed 303 (31 March 2023: 285) 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.

## OTHER INFORMATION

### DIRECTORS

The directors during the period and up to the date of this report were:

#### Executive directors

Mr. Chan Yum Kit  
Ms. Tsui How Kiu, Shirley  
Mr. Chan Sze Chun

#### Independent non-executive directors

Ms. Yu Yuk Ying, Vivian  
Mr. Chu Chun Kit, Sidney  
Ms. Wong Shuk Ying, Helen  
Dr. Ng Lai Man, Carmen

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 30 September 2023, the interests and short positions of the directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

Name of director	Beneficial interest in shares	Approximate percentage of interests	Nature of interest
Mr. Chan Yum Kit	193,918,000	67.35%	Corporate/Family
	2,100,000	0.73%	Family
	2,100,000	0.73%	Personal (Notes (1) and (2))
Ms. Tsui How Kiu, Shirley	193,918,000	67.35%	Corporate/Family
	2,100,000	0.73%	Family
	2,100,000	0.73%	Personal (Notes (1) and (2))
Mr. Chan Sze Chun	900,000	0.31%	Personal
Ms. Wong Shuk Ying, Helen	28,000	0.01%	Personal

## OTHER INFORMATION

*Notes:*

(1) 190,000,000 of these shares are held by Super Result Consultants Limited (“Super Result”). The share capital of Super Result is beneficially owned by Mr. Chan Yum Kit (“Mr. Chan”) and Ms. Tsui How Kiu, Shirley (“Ms. Tsui”) as to 46.7% and 46.7% respectively. Each of Mr. Chan and Ms. Tsui will therefore be deemed interested in the 190,000,000 shares held by Super Result as corporate interest.

3,918,000 of these shares are held by New First Investments Limited (“New First”). The share capital of New First is beneficially owned by Mr. Chan and Ms. Tsui as to 50% and 50% respectively. Each of Mr. Chan and Ms. Tsui will therefore be deemed interested in the 3,918,000 shares held by New First as corporate interest.

(2) Since Mr. Chan and Ms. Tsui are married to each other, Mr. Chan will be deemed interested in the shares which Ms. Tsui is deemed interested in as family interest, and vice versa.

In addition to the above, one director has non-beneficial personal equity interests in certain subsidiaries held for the benefit of the Group. Certain director also has beneficial interest in non-voting deferred shares practically carrying no rights to dividends or to receive notice of or to attend or vote at any general meeting or to participate in any distribution or winding up in a subsidiary.

Apart from the foregoing, as at 30 September 2023, none of the directors or the chief executive of the Company or their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations, within the meaning of Part XV of the SFO, as recorded in the register kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Apart from the foregoing, at no time during the six months ended 30 September 2023 was the Company, or any of its holding company, subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors or the chief executive of the Company or any of their spouses or children under eighteen years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## OTHER INFORMATION

### SUBSTANTIAL INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

As at 30 September 2023, the interests or short positions of the following shareholder, other than the directors and the chief executive of the Company, in the shares or underlying shares of the Company which have been disclosed to the Company pursuant to Part XV of the SFO have been recorded in the register kept by the Company under section 336 of the SFO:

Name of shareholder	Aggregate long position in shares	Approximate percentage of aggregate interests to total issued shares
Super Result	190,000,000	65.99% (Note)

Note: The share capital of Super Result is beneficially owned by Mr. Chan and Ms. Tsui as to 46.7% and 46.7% respectively.

Apart from the foregoing, and other than the directors and the chief executive of the Company whose interests are set out in the section “Directors’ and chief executive’s interests in securities” above, no person was recorded in the register kept by the Company under section 336 of the SFO as having an interest or a short position in the shares or underlying shares of the Company as at 30 September 2023.

### MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as the Company’s code of conduct for dealings in securities of the Company by the directors. Based on specific enquiry of the Company’s directors, the directors have complied with the required standard set out in the Model Code throughout the period of the six months ended 30 September 2023.

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

There were no purchases, sales or redemptions of the Company’s listed securities by the Company or any of its subsidiaries during the period.

## OTHER INFORMATION

### DISCLOSURES PURSUANT TO RULE 13.21 OF THE LISTING RULES

On 28 May 2020, the Group, through its wholly-owned subsidiary, entered into a facility letter with an existing bank for a revised banking facility up to an aggregate amount of HK\$65,000,000. In June 2022, the facility amount was further revised to HK\$55,000,000. Pursuant to the terms of the facility letter, the Group undertakes with the bank that the directors, Mr. Chan and Ms. Tsui, shall remain to be the directors and the largest shareholder of the Company.

### CORPORATE GOVERNANCE CODE

Save for the deviation of the Code Provisions C.2.1 and F.2.2 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 ("Listing Rules") throughout the period of six months ended 30 September 2023.

#### Code Provision C.2.1

Under Code Provision C.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 F.2.2

Code Provision F.2.2 of the CG Code provides that the chairman of the Board should attend the annual general meeting of the Company. Due to other engagements external to the Company, Mr. Chan Yum Kit was unable to attend the annual general meeting of the Company held on 27 September 2023.

## **OTHER INFORMATION**

### **AUDIT COMMITTEE**

The Company has an audit committee which was established in compliance with Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and risk management and internal control systems. The audit committee comprises three independent non-executive directors of the Company, Ms. Yu Yuk Ying, Vivian (Chairperson), Mr. Chu Chun Kit, Sidney and Ms. Wong Shuk Ying, Helen.

The audit committee of the Company has reviewed with the management the accounting principles and practices adopted by the Group and the unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2023.

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

Hong Kong, 28 November 2023