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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)

UNAUDITED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

The board of directors (the “Board”) of Moiselle International Holdings Limited (the “Company”) announces that the unaudited interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2019, together with the comparative figures for the corresponding period in 2018, are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

<i>(in HK\$'000)</i>	<i>Note</i>	Unaudited Six months ended 30 September 2019	2018
Revenue	2	103,434	122,181
Cost of sales		(25,225)	(27,129)
Gross profit		78,209	95,052
Other income		3,508	3,096
Other gains and losses		(220)	4
Distribution and selling expenses		(85,155)	(95,065)
Administrative and other operating expenses		(31,613)	(35,994)
Loss from operations		(35,271)	(32,907)
Gain on change in fair value of investment property		–	5,863
Share of results of a joint venture		–	131
Finance costs		(2,405)	(281)
Loss before taxation		(37,676)	(27,194)
Income tax expense	3	105	524
Loss for the period	4	(37,571)	(26,670)
Other comprehensive income (expense)			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(534)	(6,909)
Total comprehensive income for the period		(38,105)	(33,579)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Unaudited	
		Six months ended	
		30 September	
<i>(in HK\$'000)</i>	<i>Note</i>	2019	2018
Loss for the period attributable to:			
Owners of the Company		(37,600)	(26,764)
Non-controlling interests		29	94
		<u>(37,571)</u>	<u>(26,670)</u>
Total comprehensive income (expense)			
attributable to:			
Owners of the Company		(38,134)	(33,673)
Non-controlling interests		29	94
		<u>(38,105)</u>	<u>(33,579)</u>
Loss per share	5		
Basic (HK dollars)		<u>(0.13)</u>	<u>(0.09)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 September 2019 (Unaudited)	As at 31 March 2019 (Audited)
<i>(in HK\$'000)</i>	<i>Note</i>		
Non-current assets			
Investment properties		282,725	282,725
Property, plant and equipment		396,314	402,444
Right-of-use assets		104,973	–
Interest in a joint venture		–	–
Deposits paid		16,010	27,775
Deferred tax assets		855	600
		<u>800,877</u>	<u>713,544</u>
Current assets			
Inventories		58,497	59,495
Trade and other receivables	7	43,302	35,557
Bank balances and cash		22,339	30,720
		<u>124,138</u>	<u>125,772</u>
Current liabilities			
Trade and other payables	8	36,231	39,207
Lease liabilities		65,833	–
Tax payable		104	103
Borrowings		20,502	6,492
Provision for onerous contracts		849	4,461
		<u>123,519</u>	<u>50,263</u>
Net current assets		<u>619</u>	<u>75,509</u>
Total assets less current liabilities		<u>801,496</u>	<u>789,053</u>
Non-current liabilities			
Lease liabilities		54,101	–
Deferred tax liabilities		102,850	102,850
		<u>156,951</u>	<u>102,850</u>
Net assets		<u>644,545</u>	<u>686,203</u>
Capital and reserves			
Share capital		2,880	2,880
Reserves		642,384	684,071
Equity attributable to owners of the Company		<u>645,264</u>	<u>686,951</u>
Non-controlling interests		<u>(719)</u>	<u>(748)</u>
Total equity		<u>644,545</u>	<u>686,203</u>

Notes:

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These unaudited 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.

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 2019, 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 2019 and are adopted for the first time by the Group.

The Group has applied the following standards and amendments which are effective for the Group’s financial reporting period beginning on or after 1 April 2019 and the impact on the results and financial position of the Group is described as follows:

HKFRS 16, *Leases*

The Group has applied HKFRS 16 for the first time which superseded HKAS 17 Leases (“HKAS 17”) and its related interpretations. In accordance with the transitional provisions in HKFRS 16, the Group has elected the modified retrospective approach for the application of HKFRS 16 as lessee and recognises the cumulative effect of initial application to opening retained profits without restating comparative information.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- i. relied on the assessment of whether leases are onerous by applying HKAS 37 Provisions, Contingent Liabilities and Contingent Assets as an alternative of impairment review;
- ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;
- iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

- iv. applied a single discount rate to a portfolio of leases with similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of properties in Hong Kong and other regions was determined on a portfolio basis; and
- v. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

On transition, the Group has made the following adjustments upon application of HKFRS 16.

The Group recognised lease liabilities of approximately HK\$117,337,000 and right-of-use assets of approximately HK\$104,926,000 at 1 April 2019.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application.

	As at 1 April 2019 (Unaudited)
<i>(in HK\$'000)</i>	
Operating lease commitments disclosed as at 31 March 2019	157,126
Less: Leases committed but not yet commenced as at 1 April 2019	(16,293)
Recognition exemption – short-term leases	(22,737)
Recognition exemption – no expiry leases	(19)
	<u>118,077</u>
Discounting at relevant incremental borrowing rates	(3,278)
Add: Lease liabilities resulting from lease modifications of existing leases #	636
Lease liabilities of leases not included under HKAS 17	1,902
	<u>117,337</u>
Lease liabilities as at 1 April 2019	<u><u>117,337</u></u>
Analysed as	
Current	55,818
Non-current	61,519
	<u><u>117,337</u></u>

- # The Group renewed the leases of certain existing retail outlets by entering into new lease contracts which commence after date of initial application. These new contracts are accounted as lease modifications of the existing contracts upon application of HKFRS 16.

The carrying amount of right-of-use assets as at 1 April 2019 comprises the following:

	As at 1 April 2019 (Unaudited)
<i>(in HK\$'000)</i>	
Right-of-use assets relating to operating leases	
Recognised upon application of HKFRS 16	113,784
Amounts included in property, plant and equipment under HKAS 17	
– Restoration and reinstatements costs	359
Less: Accrued lease liabilities at 1 April 2019	(5,621)
Provision for onerous leases at 1 April 2019	(3,596)
	<u>104,926</u>
By class:	
Land and buildings	<u>104,926</u>

The following adjustments were made to the amounts recognised in the unaudited consolidated statement of financial position at 1 April 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 March 2019 (Audited)	Carrying amounts at 1 April 2019 Adjustment (Unaudited)	Restated (Unaudited)
<i>(in HK\$'000)</i>			
Consolidated statement of financial position (extract)			
Non-current assets			
Property, plant and equipment	402,444	(359)	402,085
Right-of-use assets	–	104,926	104,926
Current Liabilities			
Trade and other payables	39,207	(5,621)	33,586
Provision for onerous contracts	4,461	(3,596)	865
Lease liabilities	–	55,818	55,818
Non-current liabilities			
Lease liabilities	–	61,519	61,519
Capital and reserves			
Reserves	684,071	(3,553)	680,518

2. REVENUE AND SEGMENT REPORTING

Revenue

The Group generates sales of fashion apparel and accessories with customers 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, Taiwan and Singapore.

The Group's senior executive management revisited the measurement of the reportable segments during the period and considered certain administrative and other operating expenses should be excluded from the measurement of segment results for better presentation. Comparative of segment information has been updated accordingly.

	Unaudited					
	Six months ended 30 September					
	Hong Kong		Outside Hong Kong		Total	
(in HK\$'000)	2019	2018	2019	2018	2019	2018
Revenue from external customers	56,292	67,345	47,142	54,836	103,434	122,181
Inter-segment revenue	10,642	11,714	12,658	18,660	23,300	30,374
Segment revenue	66,934	79,059	59,800	73,496	126,734	152,555
Segment (loss) profit	(3,460)	1,099	(8,809)	(7,601)	(12,269)	(6,502)
Unallocated expenses					(26,290)	(29,505)
Other income and other gains and losses					3,288	3,100
Gain on change in fair value of investment property					–	5,863
Share of results of a joint venture					–	131
Finance costs					(2,405)	(281)
Loss before taxation					(37,676)	(27,194)

3. INCOME TAX EXPENSE

	Unaudited	
	Six months ended	
	30 September	
<i>(in HK\$'000)</i>	2019	2018
Current tax		
Hong Kong Profits Tax	–	30
Outside Hong Kong	150	1,595
	150	1,625
Deferred tax		
Origination and reversal of temporary differences	(255)	(2,149)
	(105)	(524)

The provision for Hong Kong Profits Tax is calculated at 16.5% (2018: 16.5%) of the estimated assessable profits for the six months ended 30 September 2019. Taxation for the People's Republic of China ("PRC") 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):

	Unaudited	
	Six months ended	
	30 September	
<i>(in HK\$'000)</i>	2019	2018
Depreciation of		
– property, plant and equipment	9,647	9,828
– right-of-use assets	28,675	–
Impairment losses on trade receivables	88	–
Impairment losses on property, plant and equipment	1,634	57
Interests on		
– bank borrowings	248	281
– lease liabilities	2,157	–
Loss on disposal of property, plant and equipment	164	–
Provision (utilisation of provision)		
for onerous operating lease contracts, net	2,519	(80)

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\$37,600,000 (2018: HK\$26,764,000) and the weighted average number of 287,930,000 (2018: 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 2019 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 six months ended 30 September 2019 (2018: 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:

	As at 30 September 2019 (Unaudited)	As at 31 March 2019 (Audited)
(in HK\$'000)		
Within 30 days	5,552	7,618
31 to 90 days	992	1,573
91 to 180 days	99	–
Over 180 days	853	71
	<u>7,496</u>	<u>9,262</u>

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:

	As at 30 September 2019 (Unaudited)	As at 31 March 2019 (Audited)
(in HK\$'000)		
Within 30 days	3,029	1,559
31 to 90 days	739	205
Over 90 days	3,550	3,306
	<u>7,318</u>	<u>5,070</u>

MARKET OVERVIEW

The operating environment for the sector of retailing fashion apparel and accessories deteriorated during the six months ended 30 September 2019 (the “Period”) as a social movement on a grand scale raged in Hong Kong, where Moisselle International Holdings Limited (“Moisselle” or the “Company”, which together with its subsidiaries is referred to as the “Group”) derived the majority of its income. Almost all kinds of businesses, especially retail shops and restaurants, were forced to shorten business hours or even close up shops. The tense atmosphere also deterred some tourists from visiting the city. In addition, other challenges faced by conventional fashion apparel retailers persisted, including the increasingly popular electronic commerce and fast fashion that have changed the consumption patterns and consumer preferences drastically. Other factors that also complicated the operating environment are the Sino-United States trade war, the resultant slowing growth in China’s economy and the country’s weaker currency. All this dampened the consumer appetite for luxurious products in the country. Persistently high rents for shop spaces in some prime locations in Hong Kong and first-tier cities of mainland China also exacerbated the situation.

RESULTS

The Group mainly engages in retailing women’s fashion apparel and menswear to high-end and upper-middle markets. The Group recorded a loss of HK\$37,571,000 for the Period mainly because of the decrease in revenue from the business of fashion apparel and accessories in the very difficult operating environment, especially that in Hong Kong where social movements were going on and in China. High rents also took their toll on the Group’s profitability. The Company continued to rationalize its retail network by closing down underperforming stores and this led to the decrease in revenue. As a result, turnover decreased by 15% year on year to HK\$103,434,000.

The Group’s businesses in Hong Kong accounted for 54% of its turnover while that in mainland China contributed to 16%. Operations in Macau, Taiwan and Singapore made up 30% of the Group’s revenue. Gross profit margin was 76% for the Period, compared with the 78% for the six months ended 30 September 2018 (“the same period of the Previous Financial Year, the previous financial year ended 31 March 2019”).

BUSINESS REVIEW

Social movements in Hong Kong seriously affected the business, especially that of the retail sector, during the Period. This is in addition to the exorbitant rents for shop spaces that have long plagued the retail sector. For the conventional fashion apparel retailers, specifically, there are also other ongoing challenges, namely the intensifying competition from electronic commerce and fast fashion, and the changes in consumption patterns and preferences in the advent of a younger generation of consumers.

To cope with the difficult situation, the Group pressed ahead with its four-pronged approach to business, namely the enhancement of the shopping experience at retail outlets, the expansion of its electronic commerce business, stepping up its effort to create and market trendy, stylish fashion apparel and accessories, and increasing the portion of the mid-range, ready-to-wear fashion apparel in the total number of stock keeping units (SKU). Furthermore, it was also negotiating with landlords for rent concessions that can help tide it over in the light of the sharp decline in business.

The Group has changed the mode of operations at its shops from merely selling goods to enhancing the shopping experience. For instance, the Group opened one more *MOISELLE* shop that featured such elements as environmental awareness and a quality lifestyle at K11 MUSEA, an art and retail complex, at Victoria Dockside, 18 Salisbury Road, Tsim Sha Tsui. This followed the Group's similar move made in March of 2018 when it opened THE EARTH STORE at the Elements, a large shopping mall in West Kowloon, Hong Kong. That shop also incorporates such elements as lifestyle, art and environmental awareness into its interior decoration and the theme activities and marketing campaigns conducted there. In mainland China, the Group launched M-Suite "Mu Yu" Experience Store ("慕詩「慕•寓」體驗店") at MIXC, a shopping mall in Shenzhen Bay in September 2019.

To cope with the increasing competition from electronic commerce, the Group stepped up its effort to develop its online retail during the Period. For instance, it has negotiated to sell some of its products through an Asian online shopping platform. The move marks the Group's first attempt to enter an overseas market through electronic commerce. In mainland China, the Group has earlier formed alliances with three local online shopping website operators. In October 2018, the Group opened an online platform for sales and marketing in WeChat Mall on a popular social media WeChat in the country. On that online platform, the Group places

advertisements for its products in the form of banners and conducts marketing activities. The move followed the Group's earlier efforts to develop electronic commerce: In November 2017, it opened its online store under the brands of *MOISELLE* and *Rosamund MOISELLE* at the electronic commerce website VIP.com, which specializes in online discount sales and is operated by Vipshop (“唯品會” in Chinese). Back in November 2016, the Group opened its online store under the *MOISELLE* brand at Tmall, one of China's popular online shopping websites. It also continued to leverage the social media to promote its brands and products through cooperation with some celebrities and key opinion leaders.

To refresh the brand image while facing the fast-changing fashion and lifestyle trends, the Group held a fashion show at its M-Suite “Mu Yu” Experience Store at MIXC, a shopping mall in Shenzhen Bay in September 2019.

To cope with the difficult operating environment for the past four and a half financial years, the Group had been implementing various measures, including the rationalization of its retail network through the closure of underperforming stores or relocation; stringent cost management; cost-effective sales and marketing initiatives such as the provision of a VIP club membership service (organising the members' visits to its product showrooms for purchasing goods) in Hong Kong and the adoption of an online-to-offline business model through alliances with mainland Chinese online shopping website operators such as Tmall, Vipshop and WeChat Mall by leveraging social media.

OVERVIEW OF OPERATIONS

Mainly targeting the markets for luxurious 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 customer 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 30 September 2019, the Group had 49 stores and counters in Hong Kong, first- and second-tier cities of mainland China, Macau, Taiwan and Singapore, down from 50 as at 31 March 2019 because it rationalized its retail network in the very difficult business environment.

REVIEW OF OPERATIONS BY LOCATION

Operations in Hong Kong

Revenue from the Group's operations in Hong Kong decreased by 16% year on year to approximately HK\$56,292,000 for the Period as they were affected by social movements. Other factors that also exerted downward pressure on income included the fierce competition from electronic commerce and fast fashion. High rents for shop spaces also weighed on its profitability.

To cope with the situation, the Group enhanced the shopping experience at its retail stores by incorporating such elements as lifestyle, art and environmental awareness into their interior decoration. To further this effort, the Group opened one more *MOISELLE* shop that featured such elements as environmental awareness and a quality lifestyle at K11 MUSEA in Tsim Sha Tsui during the Period. This followed the Group's similar move made in March of 2018 when it opened THE EARTH STORE at the Elements, a large shopping mall in West Kowloon, Hong Kong.

To adapt its products to the changes in the market, the Group increased efforts to create and market trendy, stylish fashionable apparel and accessories which were targeted at the city's young locals. It has also been increasing the portion of ready-to-wear fashion apparel designed for work and the middle market in the total number of stock keeping units (SKU).

To alleviate the cost pressure exerted by high rents for shop spaces amid a very difficult operating environment, the Group negotiated with some landlords for rent concessions. Certain landlords agreed to grant temporary reliefs for a short period of two to three months.

As at 30 September 2019, the Group operated 9 *MOISELLE*, 3 *m.d.m.s.*, 2 *LANCASTER* and 1 *M CONCEPT* retail stores as well as 4 outlets (As at 31 March 2019, the Group operated 9 *MOISELLE*, 3 *m.d.m.s.*, 2 *LANCASTER* and 1 *M CONCEPT* retail stores as well as 3 outlets).

Operations in mainland China

Revenue from its operations in mainland China fell by 18% year on year to approximately HK\$16,144,000 for the Period because they were faced with intense competition from electronic commerce. Nevertheless, it rationalized its network of retail outlets by closing some underperforming shops and opening new shops at favourable locations. The Group continued to focus on cultivating and developing a new and younger customer base by strengthening and investing resources in customer services and product development.

To adapt to the growing trend towards electronic commerce in mainland China, the Group continued to develop its business of online sales and marketing which was comprised of an online platform in WeChat Mall on a popular social media WeChat and online stores at Tmall and Vipshop.

The Group also enhanced its business presence in the country by opening two *MOISELLE* shops, one in Dalian, Liaoning province and the other in Wuxi, Jiangsu province, and launching M-Suite “Mu Yu” Experience Store at MIXC, a shopping mall in Shenzhen Bay, during the Period. It also held a fashion show at that experience store in September 2019.

As at 30 September 2019, the Group operated 13 *MOISELLE* retail stores in the country (As at 31 March 2019, the Group operated 14 *MOISELLE* retail stores in the country).

Operations in Macau

For the Period, the Group operated five shops at the Venetian Macao Resort Hotel and one shop at the Parisian Macao Hotel, including 2 *M CONCEPT*, 2 *MOISELLE*, 1 *m.d.m.s.* and 1 *LANCASTER* retail stores in the city (As at 31 March 2019: 2 concept stores, *M CONCEPT*, 2 *MOISELLE*, 1 *m.d.m.s.* and 1 *LANCASTER* retail stores). China’s slowing economy and Hong Kong’s social movements caused the tourist arrivals in Macau to decrease. As a result, the combined revenue generated by the six retail stores fell by 19% year on year to approximately HK\$18,256,000, accounting for about 18% of the Group’s revenue.

Operations in Taiwan

Revenue at the Group's operations in Taiwan decreased by 16% year on year to approximately HK\$7,540,000 amid the unfavourable economic conditions there. The Group had decreased the number of its stores substantially in Taiwan during the Previous Financial Year because of the unsatisfactory performance of its operations. Revenue generated there accounted for about 7% of the Group's revenue for the Period. The Group operated 4 *MOISELLE*, 1 *m.d.m.s.* and 1 *LANCASTER* retail stores as well as 2 outlets as at 30 September 2019 in Taiwan (As at 31 March 2019: 5 *MOISELLE*, 1 *m.d.m.s.* and 1 *LANCASTER* retail stores as well as 1 outlet).

Operations in Singapore

Revenue at the Group's business in Singapore surged by 44% year on year to approximately HK\$5,202,000 during the Period on the back of sales effort by a retail operations management team which joined the Group in last year. The Group operated 2 *MOISELLE* and 1 *LANCASTER* retail stores (As at 31 March 2019: 2 *MOISELLE* stores and 2 *LANCASTER* retail stores).

OUTLOOK

Looking ahead, the Group is cautious about the prospect of business in the second half of the financial year. It will continue with its prudent approach to business, especially when it comes to the sales and marketing and the opening of stores. It aims to conserve its strength and resources so that it can tide itself over the very difficult operating environment and then capitalize on a possible recovery in the market in future.

As one of its measures to cope with the severe market conditions, the Group is negotiating with some landlords for rent concessions for shop spaces in Hong Kong to alleviate the cost pressure. In mainland China, it has cooperated with certain agents and distributors that will advise it on how to efficiently operate its *MOISELLE* shops which are to be opened in eastern China. The Group will also continue to rationalize its retail network.

To raise the efficiency of its operations, the Group has already upgraded the information system for its retail outlets, retail management department, production, inventory management, warehouses and logistics. Such work on the information system for its customer relationship management will follow later.

All these measures are aimed at enhancing the Group's competitiveness and at adapting it to the rapid 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.

FINANCIAL POSITION

During the period, the Group financed its operations with internally generated cash flows. The Group adopts a prudent financial policy such that it can meet the financial obligations when they fall due and maintain a sufficient operating fund for the development of the Group's business. At the end of the financial period, the Group's aggregate fixed deposits and cash balances amounted to approximately HK\$22 million (31 March 2019: HK\$31 million). As at 30 September 2019, the Group maintained aggregate composite banking facilities, other than secured and unsecured bank borrowings, of approximately HK\$45 million (31 March 2019: HK\$46 million) with various banks, of which approximately HK\$3 million (31 March 2019: HK\$5 million) was utilised.

The Group continues to enjoy healthy financial position. As at 30 September 2019, the current ratio (current assets divided by current liabilities) was approximately 1.0 times (31 March 2019: 2.5 times) and the gearing ratio (aggregate of bank borrowings and finance lease payables divided by shareholders' equity) was approximately 3.2% (31 March 2019: 0.9%).

Charge on assets

As at 30 September 2019, land and buildings held for own use and investment properties with a carrying value of approximately HK\$56 million (31 March 2019: HK\$30 million) were pledged to secure bank borrowings granted to the Group.

EMPLOYEE

As at 30 September 2019, the Group employed 412 (31 March 2019: 415) 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 period.

CORPORATE GOVERNANCE CODE

Save for the deviations of the Code Provisions A.2.1 and A.6.7 as below, the Company has complied with the code provisions listed in the Corporate Governance Code (the "CG code") as set out in Appendix 14 to the 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 2019.

Code Provision A.2.1

Under Code Provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Currently, Mr. Chan Yum Kit is the chairman of the Board and also assumes the role of the chief executive officer. The Board considers that the current management structure ensures consistent leadership and optimal efficiency for the operation of the Company. The Company will however keep this matter under review.

Code Provision A.6.7

Code Provision A.6.7 of the CG Code provides that the independent non-executive directors should attend general meetings of the Company. Due to prior engagements external to the Company, one independent non-executive director of the Company, Ms. Wong Shuk Ying, Helen was unable to attend the annual general meeting of the Company held on 4 September 2019.

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 internal controls. The audit committee comprises three independent non-executive directors of the Company.

The audit committee of the Company has reviewed with the management the accounting principles and practices adopted by the Group and the unaudited consolidated financial statements of the Group for the six months ended 30 September 2019.

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

Hong Kong, 27 November 2019

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.