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 THE UNAUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2020

UNAUDITED ANNUAL RESULTS

For the reasons explained below in the paragraph of "Review of Financial Information", the audit process of the annual results of Moiselle International Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**") for the year ended 31 March 2020 has not been completed and the Company is unable to publish an annual results announcement that has been agreed with the Company's auditor by 30 June 2020 in accordance with Rule 13.49 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

In the meantime, the board of directors (the "**Board**") of the Company announces that the unaudited consolidated results of the Group for the year ended 31 March 2020 with comparative figures for the previous corresponding year are as follows:

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2020

	NOTES	**2020** ***HK$'000*** **(Unaudited)**	2019 *HK$'000* (Audited)
Revenue	3	**191,604**	251,021
Cost of sales		**(44,571)**	(45,793)
Gross profit		**147,033**	205,228
Other income	4	**7,105**	6,118
Other gains and losses	5	**(2,730)**	1,703
Distribution and selling expenses		**(204,879)**	(189,665)
Administrative and other operating expenses		**(65,663)**	(68,289)
Loss from operations		**(119,134)**	(44,905)
(Loss) gain on changes in fair value of investment properties		**(25,425)**	27,790
Gain on disposal of subsidiary		**–**	356
Share of results of a joint venture		**–**	131
Finance costs		**(4,824)**	(510)
Loss before taxation		**(149,383)**	(17,138)
Income tax credit (expense)	6	**2,917**	(2,703)
Loss for the year	7	**(146,466)**	(19,841)

	NOTES	**2020** ***HK$'000*** **(Unaudited)**	2019 *HK$'000* (Audited)
Other comprehensive (expense) income			
Item that will not be reclassified to profit or loss:			
(Loss) gain on revaluation of land and buildings held for own use		**(8,547)**	56,285
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**2,901**	(10,814)
		(5,646)	45,471
Total comprehensive (expense) income for the year		**(152,112)**	25,630
Loss for the year attributable to:			
Owners of the Company		**(146,694)**	(19,717)
Non-controlling interests		**228**	(124)
		(146,466)	(19,841)
Total comprehensive (expense) income attributable to:			
Owners of the Company		**(152,340)**	25,754
Non-controlling interests		**228**	(124)
		(152,112)	25,630
Loss per share			
Basic (HK dollars)	8	**(0.51)**	(0.07)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2020

	NOTES	**2020** **HK$'000** **(Unaudited)**	2019 *HK$'000* (Audited)
Non-current assets			
Investment properties		**259,598**	282,725
Property, plant and equipment		**371,727**	402,444
Right-of-use assets		**23,803**	–
Deposits paid		**24,714**	27,775
Deferred tax assets		**566**	600
		680,408	713,544
Current assets			
Inventories		**54,862**	59,495
Trade and other receivables	10	**27,205**	35,557
Bank balances and cash		**31,829**	30,720
		113,896	125,772
Current liabilities			
Trade and other payables	11	**42,954**	39,207
Lease liabilities		**61,593**	–
Tax payable		**119**	103
Borrowings		**34,080**	6,492
Provision for onerous contracts		**–**	4,461
		138,746	50,263
Net current (liabilities) assets		**(24,850)**	75,509
Total assets less current liabilities		**655,558**	789,053
Non-current liabilities			
Lease liabilities		**27,067**	–
Deferred tax liabilities		**97,953**	102,850
		125,020	102,850
Net assets		**530,538**	686,203
Capital and reserves			
Share capital		**2,880**	2,880
Reserves		**528,178**	684,071
Equity attributable to owners of the Company		**531,058**	686,951
Non-controlling interests		**(520)**	(748)
Total equity		**530,538**	686,203

Notes:

1. GENERAL

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

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

The financial information set out in this announcement does not constitute the Group's consolidated financial statements for the year ended 31 March 2020, but is derived from the consolidated financial statements. The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except that the following assets are stated at their fair value:

– investment properties; and

– other leasehold land and buildings, where the leasehold land is classified as being held under a finance lease.

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

The Group have applied the following new and amendments to HKFRSs and interpretation issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC) - Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 - 2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs and interpretation in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 16 “Leases”

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 “Leases”, and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) - Int 4 “Determining whether an Arrangement contains a Lease” and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 April 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 April 2019.

As at 1 April 2019, the Group recognised additional lease liabilities and measured right-of-use assets at the carrying amounts as if HKFRS 16 had been applied since commencement dates, but discounted using the incremental borrowing rates of the relevant group entities at the date of initial application by applying HKFRS 16.C8(b)(i) transition. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

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; 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.

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.

	At 1 April 2019
	HK$'000
	(Unaudited)
Operating lease commitments disclosed as at 31 March 2019	157,126
Less: Lease committed but not yet commenced as at 1 April 2019	(16,293)
Practical expedient - leases with lease term ending 12 months from the date of initial application	(22,756)
	118,077
Discounting at relevant incremental borrowings rates	(3,278)
Add: Lease liabilities resulting from lease modification of existing leases *(Note)*	636
Lease liabilities of leases not included in operating lease commitment as at 31 March 2019	1,902
	117,337
Analysed as	
Current	55,818
Non-current	61,519
	117,337

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

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

	Notes	Right-of-use assets HK$'000 (Unaudited)
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	*(i)*	359
Less: Accrued lease liabilities at 1 April 2019	*(ii)*	(5,621)
Provision for onerous leases at 1 April 2019	*(iii)*	(3,596)
		104,926
By class:		
Land and buildings		104,926

Notes:

(i) In relation to the leases of retail shops that the Group acts as lessee, the carrying amount of the estimated costs of reinstating the rented premises previously included in property, plant and equipment amounting to HK$359,000 as at 1 April 2019 were included as right-of-use assets.

(ii) Rent free period

These relate to accrued lease liabilities for leases of properties in which the lessors provided rent-free period. The carrying amount of the lease incentive liabilities under trade and other payables as at 1 April 2019 was adjusted to right-of-use assets at transition.

(iii) Provisions for onerous leases

These relate to provisions for onerous leases for several retail outlets. The carrying amount of the provisions as at 1 April 2019 was adjusted to right-of-use assets at transition.

The following adjustments were made to the amounts recognised in the 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	Adjustments	Carrying amounts under HKFRS 16 at 1 April 2019
	HK$'000	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)
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

For the purpose of reporting cash flows from operating activities under indirect method for the year ended 31 March 2020, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 April 2019 as disclosed above.

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

(a) Upon application of HKFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at 1 April 2019. The application has had no impact on the Group's consolidated statement of financial position at 1 April 2019. However, effective from 1 April 2019, lease payments relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.

(b) Before application of HKFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which HKAS 17 applied under other payables and rental deposits received. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right-of-use assets and were adjusted to reflect the discounting effect at transition.

The application of HKFRS 16 has had no significant impact on the amounts reported and/or disclosures set out in these consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Revenue

The Group generated sales of fashion apparel and accessories with customers through its own retail stores. For the years ended 31 March 2020 and 2019, 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 People's Republic of China (the "PRC") and sales of house brands and imported brands in the PRC, Macau, Taiwan and Singapore.

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation of assets attributable to those segments.

The measure used for reportable segment profit or loss is loss from operations with the exception of other income, other gains and losses and certain administrative and other operating expenses. Income tax is not allocated to reportable segments.

Segment assets and liabilities of the Group are not reported to the Group's senior executive management. As a result, reportable segment assets and liabilities have not been presented in the financial statements.

The accounting policies of the reportable segments are the same as the Group's accounting policies.

	Hong Kong		Outside Hong Kong		Total	
	2020	2019	**2020**	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)
Revenue from external customers	**97,788**	139,610	**93,816**	111,411	**191,604**	251,021
Inter-segment revenue	**21,238**	29,325	**23,005**	29,146	**44,243**	58,471
Segment revenue	**119,026**	168,935	**116,821**	140,557	**235,847**	309,492
Segment (loss) profit	**(36,783)**	13,995	**(35,927)**	(10,775)	**(72,710)**	3,220
Amount regularly provided to the Group's senior executive management included in the measurement of segment results:						
Depreciation of property, plant and equipment	**3,321**	2,707	**4,009**	4,110	**7,330**	6,817
Depreciation of right-of-use assets	**35,423**	–	**20,508**	–	**55,931**	–
Impairment losses on property, plant and equipment	**1,455**	–	**2,503**	1,478	**3,958**	1,478
Impairment losses on right-of-use assets	**24,913**	–	**18,710**	–	**43,623**	–
Provision for onerous contracts, net	**–**	–	**–**	2,563	**–**	2,563
Impairment losses on trade receivables	**–**	–	**81**	–	**81**	–

Inter-segment revenue is charged at amounts agreed by both parties.

Reconciliation of segment revenue and results

	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Revenue		
Total segment revenue	**235,847**	309,492
Elimination of inter-segment revenue	**(44,243)**	(58,471)
	191,604	251,021
Results		
Segment (loss) profit	**(72,710)**	3,220
Unallocated expenses	**(50,799)**	(55,946)
Other income and other gains and losses	**4,375**	7,821
(Loss) gain on changes in fair value of investment properties	**(25,425)**	27,790
Share of results of a joint venture	**–**	131
Gain on disposal of a subsidiary	**–**	356
Finance costs	**(4,824)**	(510)
Loss before taxation	**(149,383)**	(17,138)

Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers; and (ii) the Group's investment properties, property, plant and equipment, and right-of-use assets ("specified non-current assets"). The geographical location of customers is based on the location at which the goods were delivered. The geographical location of the specified non-current assets is based on the physical location of the asset in the case of investment properties and property, plant and equipment, and the location of operations in the case of right-of-use assets.

	Revenue from external customers		**Specified non-current assets**	
	2020	2019	**2020**	2019
	HK$'000	HK$'000	***HK$'000***	HK$'000
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
Hong Kong	**97,788**	139,610	**478,367**	508,550
Macau	**34,437**	48,388	**7,168**	–
The PRC	**35,784**	34,795	**169,356**	175,158
Taiwan	**14,723**	19,186	**237**	712
Singapore	**8,872**	9,042	**–**	749
	93,816	111,411	**176,761**	176,619
	191,604	251,021	**655,128**	685,169

Information about major customers

During the years ended 31 March 2020 and 2019, there was no single external customer that contributed 10% or more of the Group's total revenue.

4. OTHER INCOME

	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Gross rental income from investment properties	**4,928**	4,310
Interest income from bank deposits	**33**	361
Service fee income	**1,061**	1,013
Others	**1,083**	434
	7,105	6,118

5. OTHER GAINS AND LOSSES

	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Gain arising on early termination of lease contracts	**431**	–
Exchange (loss) gain, net	**(2,038)**	1,716
Loss on disposal of property, plant and equipment	**(1,123)**	(13)
	(2,730)	1,703

6. INCOME TAX (CREDIT) EXPENSE

	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Current tax - Hong Kong Profits Tax		
Provision for the year	**–**	28
Over-provision in respect of prior years	**(30)**	–
	(30)	28
Current tax - Outside Hong Kong		
Provision for the year	**571**	1,745
Deferred tax	**(3,458)**	930
Income tax (credit) expense	**(2,917)**	2,703

7. LOSS FOR THE YEAR

Loss for the year is arrived at after charging:

	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Staff costs		
Directors' remuneration	**8,409**	9,052
Other staff costs		
Salaries, wages and other benefits	**63,954**	73,727
Contributions to defined contribution retirement plan	**4,368**	5,040
Total staff costs	**76,731**	87,819
Depreciation of property, plant and equipment	**16,865**	19,377
Depreciation of right-of-use assets	**58,275**	–
Operating lease charges in respect of land and buildings		
– minimum lease payments	**–**	105,957
– contingent rentals	**–**	4,747
Interests on bank borrowings	**728**	510
Interests on lease liabilities	**4,096**	–

8. 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

	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Loss for the year for the purposes of basic loss per share	**(146,694)**	(19,717)

Number of shares	2020	2019
	'000	*'000*
	(Unaudited)	(Audited)
Weighted average number of ordinary shares for the purpose of basic loss per share	**287,930**	287,930

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

9. DIVIDENDS

	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Dividends during the year:		
Final dividends paid:		
Nil cents per share in respect of 2019		
(2019: HK4 cents per share in respect of 2018)	**–**	11,517
	–	11,517

No dividend was proposed for ordinary shareholders of the Company during the years 31 March 2020 and 2019. Final dividend for the year ended 31 March 2018 of HK4 cents per share amounted approximately to HK$11,517,000 was declared and paid by the Company during the year ended 31 March 2019. No dividend was paid or proposed for ordinary shareholders of the Company subsequent to the end of the reporting period.

10. TRADE AND OTHER RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivables	**6,527**	9,262
Less: Allowance for credit losses	**(81)**	–
	6,446	9,262
Rental and other deposits - current	**17,607**	23,626
Prepayment	**1,991**	1,830
Other receivables	**1,161**	839
	27,205	35,557

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:

	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 30 days	**4,613**	7,618
31 to 90 days	**920**	1,573
91 to 180 days	**12**	–
Over 180 days	**901**	71
	6,446	9,262

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

11. TRADE AND OTHER PAYABLES

	2020 *HK$'000* (Unaudited)	2019 *HK$'000* (Audited)
Trade payables	**8,013**	5,070
Deposit received	**2,935**	3,227
Accrued charges	**26,026**	24,186
Amount due to a non-controlling shareholder	**1,800**	1,800
Other payables	**4,180**	4,924
	42,954	39,207

The amount due to a non-controlling shareholder is unsecured, interest free and has no fixed repayment terms.

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

	2020 *HK$'000* (Unaudited)	2019 *HK$'000* (Audited)
Within 30 days	**4,569**	1,559
31 to 90 days	**385**	205
Over 90 days	**3,059**	3,306
	8,013	5,070

12. EVENTS AFTER END OF REPORTING PERIOD

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. Pursuant to the terms of the facility letter, the group undertakes with the bank that Mr. Chan Yum Kit, chairman of the Company, and Ms. Tsui How Kiu, Shirley, executive director of the Company, shall remain to be the directors and the largest shareholder of the Company. The details were disclosed in the Company's announcement on 28 May 2020. The full availability of the banking facility is still subject to the completion of legal procedure regarding the registration of charge of security. The directors do not anticipate any significant difficulties in completing the procedure.

The global health emergency caused by the pandemic of COVID-19 has had serious impacts on the Group's business in all the markets it operates. In Hong Kong, certain retail stores of the Group were closed after the end of reporting period. In addition, from 7 April 2020 to 18 June 2020, the Group's retail stores in Singapore temporarily ceased business under the requirements of Ministry of Health of Singapore government to enhance safe distancing measures to reduce the risk of further local transmission of COVID-19. The retail stores in Singapore has subsequently reopened on 19 June 2020. However, the duration and intensity of this global health emergency and its related disruptions are uncertain. In the opinion of the directors, given the dynamic nature of these circumstances, the related impact on the Group's operation, cash flows and financial condition cannot be reasonably estimated at this time.

MARKET OVERVIEW

The sector of retailing fashion apparel and accessories was mired in extreme difficulties during the year ended 31 March 2020 (the "Year"). In Hong Kong, where Moiselle International Holdings Limited ("Moiselle" or the "Company") derived about half its revenue, the operating environment worsened significantly as a protracted social movement and a worldwide novel coronavirus pneumonia pandemic combined to deal a heavy blow to the sector. According to the Census and Statistics Department of the Hong Kong Special Administrative Region, the value of retail sales of wearing apparel at the retail outlets in the city dropped by 14.6% to about HK$45.16 billion in 2019. That figure plunged by 55.4% year on year during the first quarter of 2020, the period that was most affected by the pandemic as travels were restricted and retail shops and restaurants were compelled to shorten business hours or even close up shops to help prevent the spread of the disease.

For the conventional fashion apparel retailers, the persistent industry-specific challenges included the increasingly popular electronic commerce and fast fashion that had together changed the consumption patterns and consumer preferences drastically. To adapt to the situation, the conventional fashion apparel retailers were reshaping the way they ran their business. For instance, they tried to gear their products towards the younger generation, enhanced the shopping experience at their shops, built up their electronic commerce business, adopted more information technology in their operations and made more use of the social media, where information about the latest fashion trends could be obtained and where key opinion leaders could influence consumer decisions.

OVERVIEW OF OPERATIONS

Targeting the markets for luxurious and mid-range apparel, the Group operates such house brands as *MOISELLE, m.d.m.s., GERMAIN* and *Rosamund MOISELLE*, while engaging in distributorship for international brand *LANCASTER*. Each of the brands has its own distinctive consumer base, and is being developed separately by the Group's dedicated and talented designer teams. The Group retails its products under the various brands at stores in prime locations. As at 31 March 2020, the Group had 44 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 30.0% to approximately HK$97,788,000 for the Year because social movement and the novel coronavirus pneumonia pandemic took their toll on business. This exacerbated the already difficult situation in which Moiselle, which is positioned as a fashion brand for the niche markets for high-end and upper-middle products, had been trying to cope with the profound changes made by electronic commerce and fast fashion to the consumption patterns and consumer preferences.

As part of its effort to reduce operating cost, the Group continued to rationalize its network of retail outlets and succeeded in getting rent reductions for some of its shop spaces from landlords.

The Group also took efforts to cope with the more volatile business environment of the apparel retail sector. To adapt to the growing trend towards online shopping, the Group was building up its electronic commerce business. For instance, it furthered its effort to market and sell its products through third-party online platforms by cooperating with OnTheList, an online platform for flash sales, during the Year.

To better meet the needs of the young people whose preferences have also been shaped significantly by the social media, the Group continued to leverage the social media to promote its brands and products through cooperation with some celebrities and key opinion leaders. It also enriched and diversified its product range by creating more trendy wear and increasing the proportion of mid-range products. For instance, it created a series of jackets for working women and marketed them under the theme "Force of Jacket". The Group also continued to increase the portion of the mid-range, ready-to-wear fashion apparel in the total number of stock keeping units (SKU) with the aim of attracting more young customers.

The Group had also enhanced the shopping experience at some of its shops by incorporating such elements as lifestyle, art and environmental awareness into its interior decoration and the theme activities and marketing campaigns conducted there.

As at 31 March 2020, the Group operated 7 *MOISELLE*, 2 *m.d.m.s.*, 1 *LANCASTER* and 1 *M CONCEPT* retail stores as well as 4 outlets (As at 31 March 2019: 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 edged up by 2.8% to approximately HK$35,784,000 for the Year. To capitalize on the growing popularity of online shopping, especially among the young people, the Group had already formed alliances with three mainland China-based online shopping website operators. It continued to develop its business of online sales and marketing which consisted of an online platform in WeChat Mall on a popular social media WeChat and online stores at Tmall and Vipshop.

The Group also rationalized its network of retail outlets by closing some underperforming shops and opening some others in places with good prospect. For instance, it opened three more *MOISELLE* shops, one each in Shanghai, Dalian and Wuxi, mainland China during the Year. It also launched M-Suite "Mu Yu" Experience Store at MIXC, a shopping mall in Shenzhen in September 2019.

To better manage the operating cost, the Group succeeded in reaching agreements with some landlords so that rents were charged as certain percentages of the revenue at some stores. This made it easier for the Group to sustain the retail business at the physical stores.

As at 31 March 2020, the Group operated 13 *MOISELLE* retail stores in the country (As at 31 March 2019: 14 *MOISELLE* retail stores).

Operations in Macau

For the Year, 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). The Group's retail stores in Macau were closed in February but mostly reopened in March of 2020 and travel by tourists to the city was also restricted to help prevent the spread of the novel coronavirus pneumonia pandemic. As a result, the combined revenue generated by the six retail stores fell by 28.8% to approximately HK$34,437,000, accounting for about 18.0% of the Group's revenue.

Operations in Taiwan

Revenue at the Group's operations in Taiwan decreased by 23.3% to approximately HK$14,723,000 for the Year. Revenue generated there accounted for about 7.7% of the Group's revenue for the Year. The Group operated 4 *MOISELLE* and 1 *m.d.m.s.* retail stores as well as 2 outlets as at 31 March 2020. (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 edged down by 1.9% to approximately HK$8,872,000 during the Year. As at 31 March 2020, the Group operated 2 *MOISELLE* and 1 *LANCASTER* retail store (As at 31 March 2019: 2 *MOISELLE* and 2 *LANCASTER* retail stores.)

FINANCIAL REVIEW

Overview

The Group's revenue decreased by approximately 23.7% to approximately HK$191,604,000 (2019: HK$251,021,000) during the year ended 31 March 2020 as compared with 2019. The revenue earned from Hong Kong segment decreased by approximately 30.0% to approximately HK$97,788,000 (2019: HK$139,610,000). The worsening of business environment in Hong Kong market caused significant decrease of revenue of the segment under reduced traffic of customers at all points of sales. The segment contributed to 51.0% (2019: 55.6%) of the Group's total revenue.

The revenue of the segment outside Hong Kong decreased by approximately 15.8% to approximately HK$93,816,000 (2019: HK$111,411,000) during the year ended 31 March 2020 as a result. The segment contribution increased 4.6 percentage points to 49.0% (2019: 44.4%) as benefited from increase in revenue in the market of the mainland China.

During the year, the Group's gross profit margin was approximately 76.7%, as compared to 81.8% of the previous year. Decrease in gross profit margin was mainly attributed to the increase in discounted sales and promotion activities in the last quarter of the financial year. Operating expenses for the year ended 31 March 2020 totaled approximately HK$270,542,000, compared to approximately HK$257,954,000 for 2019, increased by approximately 4.9%. 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$119,134,000 (2019: HK$44,905,000).

The loss attributable to the equity shareholders for the year ended 31 March 2020 was approximately HK$146,694,000 (2019: HK$19,717,000), deteriorated significantly mainly due to the decrease in the operating margin, the increased impairment of right-of-use assets and property, plant and equipment based on unfavorable forecast of future cash flows in respect of cash generating units the Group owns which was in turn resulted from the widespread and continuous adverse impact of novel coronavirus pneumonia pandemic on short-term to long-term economy, and the decrease in fair value of investment properties under unfavourable market conditions.

Liquidity and financial resources

During the year ended 31 March 2020, the Group financed its operations with internal 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 year, the Group's aggregate fixed deposits and cash balances amounted to approximately HK$32 million (2019: HK$31 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 2020, the Group maintained secured bank borrowings of HK$34 million (2019: HK$6 million) at operating subsidiary level financing its working capital. As at 31 March 2020, the Group maintained aggregate composite banking facilities, other than secured bank borrowings, of approximately HK$26 million (2019: HK$46 million) with various banks, of which approximately HK$3 million (2019: HK$5 million) were utilised.

The Group ran into net current liabilities of HK$24,850,000 as at 31 March 2020, with current assets being less than current liabilities (2019: net current assets HK$75,509,000). As at 31 March 2020, the gearing ratio (aggregate of bank borrowings and finance lease payables divided by shareholders' equity) was 6.4% (2019: 0.9%).

Charge on assets

As at 31 March 2020, leasehold land and buildings with a carrying value of approximately HK$52 million (31 March 2019: HK$30 million) were pledged to secure bank borrowings granted to the Group.

OUTLOOK

The operating environment is expected to remain difficult as the prospect is still clouded by the political uncertainty in Hong Kong. It is also hard to predict how long it will take for the city's apparel retail market to recover in the aftermath of the pandemic. Therefore, the Group will take a very prudent approach to business development.

In view of the lower return and high cost of running conventional brick-and-mortar retail shops, the Group will invest more in its electronic commerce business with the aim of raising the efficiency of its operations. For example, it has invested in its own online platform for the marketing and sales of its products on its own website, which will be launched in 2020.

As other measures to raise efficiency, the Group has already upgraded the information system for its retail outlets, retail management department, production, inventory management, warehouses and logistics. It will also install an information system for its customer relationship management in the future. As a preliminary move in this direction, the Group has already planned to launch a mobile phone-enable application to allow its sales staff to market its products to its existing and potential customers.

The Group will also continue to enrich and diversify its product range. For instance, it will introduce trendy sportswear made of anti-bacterial material as its pre-fall collection in July 2020.

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.

EMPLOYEES

As at 31 March 2020, the Group employed 348 (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 year ended 31 March 2020.

CORPORATE GOVERNANCE CODE

Save for the deviation 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 Listing Rules throughout the year ended 31 March 2020.

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 business engagements external to the Company, Ms. Wong Shuk Ying, Helen was unable to attend the annual general meeting of the Company held on 4 September 2019.

REVIEW OF FINANCIAL INFORMATION

Due to the impact of the COVID-19 coronavirus outbreak in Hong Kong, China, Macau, Taiwan and Singapore which delayed the availability of certain information, the auditor of the Company (the "**Auditor**"), Messrs. Deloitte Touche Tohmatsu, has not fully completed the auditing process for the annual results of the Group for the year ended 31 March 2020. In order to keep the shareholders of the Company (the "**Shareholders**") and potential investors informed of the business operation and financial position of the Group, after discussion with the Auditor, the Board decided to publish the unaudited annual results announcement of the Company for the year ended 31 March 2020 together with the audited comparative figures for the corresponding period in 2019 on the planned date of announcement.

Further announcement(s) relating to the audited results of the Group will be issued when the auditing process has been completed in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

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 year ended 31 March 2020. The audit committee comprises three independent non-executive directors of the Company.

FURTHER ANNOUNCEMENT(S)

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to the audited annual results for the year ended 31 March 2020 as agreed by the Auditor and the material differences (if any) as compared with the unaudited annual results contained herein. In addition, the Company will issue further announcement(s) as and when necessary if there is other material development in the completion of the auditing process. The completion of the auditing process is expected on or before 17 July 2020.

The financial information contained herein in respect of the annual results of the Group has not been audited and has not been agreed with the Auditor. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 30 June 2020

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.