MOISELLE

MOISELLE INTERNATIONAL HOLDINGS LIMITED

慕詩國際集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 130)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2024

ANNUAL RESULTS

The board (the "Board") of directors (the "Directors") of Moiselle International Holdings Limited (the "Company") announces that the consolidated results of the Company and its subsidiaries (the "Group" or "Moiselle") for the year ended 31 March 2024 (the "Year") with comparative figures for the previous corresponding year are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2024

	NOTES	**2024** *HK$'000*	2023 *HK$'000*
Revenue	3	**137,311**	127,946
Cost of sales		**(26,827)**	(34,666)
Gross profit		**110,484**	93,280
Other income	4	**6,142**	12,445
Other gains and losses	5	**(4,491)**	2,076
Distribution and selling expenses		**(84,048)**	(80,623)
Administrative and other operating expenses		**(57,373)**	(52,158)
Loss from operations		**(29,286)**	(24,980)
Loss on changes in fair value of investment properties		**(16,136)**	(21,768)
Finance costs		**(4,416)**	(2,117)

	NOTES	**2024** HK$'000	2023 HK$'000
Loss before taxation		**(49,838)**	(48,865)
Income tax credit	6	**1,728**	5,964
Loss for the year		**(48,110)**	(42,901)
Other comprehensive expense			
Item that will not be reclassified to profit or loss:			
Loss on revaluation of land and buildings held for own use, net of related income tax		**(4,539)**	(1,362)
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations, with nil tax impact		**(2,481)**	(9,234)
Reclassification of cumulative translation reserve upon disposal of a foreign operation		**(7,251)**	–
		(14,271)	(10,596)
Total comprehensive expense for the year		**(62,381)**	(53,497)
Loss for the year attributable to:			
Owners of the Company		**(48,100)**	(42,857)
Non-controlling interests		**(10)**	(44)
		(48,110)	(42,901)
Total comprehensive expense attributable to:			
Owners of the Company		**(62,371)**	(53,453)
Non-controlling interests		**(10)**	(44)
		(62,381)	(53,497)
		HK$	*HK$*
Loss per share			
Basic	7	**(0.17)**	(0.15)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2024

	NOTES	**2024** **HK$'000**	2023 *HK$'000*
Non-current assets			
Investment properties		**138,115**	226,190
Property, plant and equipment		**342,410**	332,343
Right-of-use assets		**32,996**	15,108
Deposits paid		**3,818**	3,230
Deferred tax assets		**323**	312
		517,662	577,183
Current assets			
Inventories		**27,273**	22,340
Trade and other receivables	9	**28,645**	30,726
Bank balances and cash		**23,558**	13,775
		79,476	66,841
Current liabilities			
Trade and other payables	10	**26,379**	24,299
Lease liabilities		**25,334**	23,754
Tax payable		**1,494**	147
Borrowings		**50,725**	37,300
		103,932	85,500
Net current liabilities		**(24,456)**	(18,659)
Total assets less current liabilities		**493,206**	558,524
Non-current liabilities			
Lease liabilities		**17,539**	4,637
Deferred tax liabilities		**76,732**	92,571
		94,271	97,208
Net assets		**398,935**	461,316
Capital and reserves			
Share capital		**2,880**	2,880
Reserves		**397,312**	459,683
Equity attributable to owners of the Company		**400,192**	462,563
Non-controlling interests		**(1,257)**	(1,247)
Total equity		**398,935**	461,316

Notes:

1. GENERAL AND BASIS OF PREPARATION

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

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

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

In preparing the consolidated financial statements, the Directors have given careful consideration to the future liquidity of the Group in light of the fact that the Group's current liabilities exceeded its current assets by approximately HK$24,456,000 as at 31 March 2024.

For the year ended 31 March 2024, the Group generated operating cash flows of approximately HK$6,390,000. As at 31 March 2024, (i) total cash and cash equivalents of approximately HK$23,558,000 were held by the Group, (ii) approximately HK$36,500,000 of borrowings were revolving in nature, (iii) unutilised bank facilities amounted to approximately HK$16,225,000 were available, and (iv) approximately HK$365,536,000 aggregate carrying value of land and buildings held for own use and investment properties available for pledge. The Directors are of the view that they are actively and regularly reviewing the Group's debt structure through roll-over and/or re-financing its existing borrowings under current bank facilities, and will consider make use of the unpledged assets to obtain additional banking facilities, when necessary.

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

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

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the annual periods beginning on or after 1 April 2023 for the preparation of the Group's consolidated financial statements:

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

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

Impacts on application of Amendments to HKAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The Group has applied the amendments for the first time in the current year. The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 "Income Taxes" so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

In accordance with the transition provision:

(i) the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after 1 April 2022; and

(ii) the Group also, as at 1 April 2022, recognised a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary difference associated with right-of-use assets and lease liabilities.

The application of the amendments has had no material impact on the Group's financial position and performance, except that the Group discloses the related deferred tax assets of HK$3,277,000 and deferred tax liabilities of HK$3,277,000 on a gross basis as at 1 April 2022 but it had no impact on the accumulated losses as at the earliest period presented.

Application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund ("MPF") – Long Service Payment ("LSP") offsetting mechanism in Hong Kong

The Group has several subsidiaries operating in Hong Kong which are obliged to pay LSP to employees under certain circumstances. Meanwhile, the Group makes mandatory MPF contributions to the trustee who administers the assets held in a trust solely for the retirement benefits of each individual employee. Offsetting of LSP against an employee's accrued retirement benefits derived from employers' MPF contributions was allowed under the Employment Ordinance (Cap.57). In June 2022, the Hong Kong SAR Government (the "Government") gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (The "Amendment Ordinance"), which will come into effect from 1 May 2025 (the "Transition Date"). Once the Amendment Ordinance takes effect, an employer can no longer use any of the accrued benefits derive from its mandatory contributions to MPF scheme to reduce LSP in respect of an employee's service from the Transition Date (the abolition of the "offsetting mechanism"). In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee's monthly salary immediately before the Transition Date and the years of service up to that date.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" that provides accounting guidance relating to the offsetting mechanism and the abolition of the mechanism.

In particular, the guidance indicates that entities may account for the accrued benefits derived from mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP.

Applying this approach, upon the enactment of the Amendment Ordinance in June 2022, it is no longer permissible to apply the practical expedient in paragraph 93(b) of Hong Kong Accounting Standard 19 "Employee Benefits" ("HKAS 19") that previously allowed such deemed contributions to be recognized as reduction of service cost (negative service cost) in the period the contributions were made; instead these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit.

To better reflect the substance of the abolition of the offsetting mechanism, the Group has changed its accounting policy in connection with its LSP liability and has applied the above HKICPA guidance. The cessation of applying the practical expedient in paragraph 93(b) of HKAS 19 in conjunction with the enactment of the Amendment Ordinance resulted in a catch-up profit or loss adjustment which was not material, thus the Group did not restate the comparative figures in the consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Revenue

The Group generated sales of fashion apparel and accessories with customers mainly through its own retail stores. For the years ended 31 March 2024 and 2023, revenue from sales of fashion apparel and accessories is recognised at a point in time when the goods are delivered to the customers.

Segment information

The Group manages its businesses by geographical locations. In a manner consistent with the way in which information is reported internally to the Group's senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

– The Hong Kong operation represents the sales of house brands and imported brands in Hong Kong.

– The Outside Hong Kong operation represents the manufacture of house brands in the Mainland China and sales of house brands and imported brands in the Mainland China, Macau and Taiwan.

	Hong Kong		Outside Hong Kong		Total	
	2024	2023	**2024**	2023	**2024**	2023
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**83,913**	70,846	**53,398**	57,100	**137,311**	127,946
Inter-segment revenue	**7,459**	10,636	**20,697**	19,968	**28,156**	30,604
Segment revenue	**91,372**	81,482	**74,095**	77,068	**165,467**	158,550
Segment profit (loss)	**18,370**	11,261	**(2,475)**	(4,868)	**15,895**	6,393

4. OTHER INCOME

	2024	2023
	HK$'000	*HK$'000*
Gross rental income from investment properties	**3,821**	4,758
Interest income from bank deposits	**735**	17
Service fee income	**945**	1,208
Covid-19 related rent concessions	**–**	3,403
Government grants	**424**	2,820
Others	**217**	239
	6,142	12,445

5. OTHER GAINS AND LOSSES

	2024	2023
	HK$'000	*HK$'000*
Gain on early termination of lease contracts	**395**	300
Exchange (loss) gain, net	**(1,507)**	1,606
Gain on disposal of property, plant and equipment	**98**	170
Loss on disposal of investment in subsidiaries	**(3,477)**	–
	(4,491)	2,076

6. INCOME TAX CREDIT

	2024	2023
	HK$'000	*HK$'000*
Current tax - Outside Hong Kong		
Provision for the year	**(1,393)**	(317)
Under-provision for prior years	**(2,440)**	–
	(3,833)	(317)
Deferred tax	**5,561**	6,281
Income tax credit	**1,728**	5,964

7. LOSS PER SHARE

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

Loss

	2024	2023
	HK$'000	*HK$'000*
Loss for the year for the purpose of calculating basic loss per share	**(48,100)**	(42,857)

Number of shares	**2024**	2023
	'000	*'000*
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.

8. DIVIDENDS

No dividend was paid or proposed to the ordinary shareholders of the Company during the years ended 31 March 2024 and 2023, nor has any dividend been proposed since the end of the reporting period.

9. TRADE AND OTHER RECEIVABLES

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

	2024	2023
	HK$'000	*HK$'000*
Within 30 days	**6,831**	6,718
31 to 90 days	**1,513**	1,592
91 to 180 days	**437**	707
	8,781	9,017

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

10. TRADE AND OTHER PAYABLES

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

	2024	2023
	HK$'000	*HK$'000*
Within 30 days	**583**	542
31 to 90 days	**1,243**	437
Over 90 days	**3,249**	3,522
	5,075	4,501

MARKET OVERVIEW

The business environment remained volatile and complicated during the Year. The post-COVID-19 pandemic recovery fell short of expectations. Interest rates stayed at high levels as major central banks of some developed countries tried hard to rein in the irrepressibly high inflation. Geopolitical tensions were escalating. In China, the government was still endeavouring to revive the economy and, specifically, to cope with the ongoing crisis in the property sector.

Although China met the gross domestic product growth target in 2023, its economy had yet to be strengthened enough to restore consumer confidence. Its currency renminbi weakened against the Unites States dollar as the Chinese government needed to cut interest rates to stimulate the economy and boost trade amid the strained Sino-United States relations. The weakened Chinese currency affected the buying power of the outbound Chinese tourists.

In Hong Kong, where Mainland Chinese tourists accounted for a significant majority of the city's visitor arrivals, both the tourism and retail market had yet to recover to the pre-pandemic levels. For one thing, the visitor arrivals in Hong Kong in 2023 only recovered to about 60% of the pre-pandemic level in 2019. Secondly, there were decreases in the number of the Mainland Chinese tourists in Hong Kong and in terms of their buying power and the average transaction size compared with the pre-pandemic levels due to the weaker renminbi and the bleaker business outlook and employment prospect; their interest also shifted more to sightseeing from shopping. Thirdly, the growing trend of Hong Kongs residents' northbound cross-border travel to Mainland China for relaxation and consumption also affected the city's local retail and catering markets.

As a result, the high-end apparel retail markets of Hong Kong and Mainland China had yet to fully recover.

In addition to the impact of the macroeconomic and geopolitical situation, a number of other factors have also been reshaping the fashion apparel industry in recent years, 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.

OVERVIEW OF OPERATIONS

Targeting the markets for luxurious and mid-range apparel, the Group operates such house brands as *MOISELLE*, *m.d.m.s.* and *GERMAIN*, while engaging in distributorship for international brand *LANCASTER*. Each of the brands has its own distinctive consumer base and is being developed separately by the Group's dedicated and talented designer teams for house brands. The Group retails its products under the various brands at stores in prime locations. As at 31 March 2024, the Group had 32 stores and counters in Hong Kong, first– and second-tier cities of Mainland China, Macau and Taiwan, the same as its number of stores 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

The Group's operations in Hong Kong recorded an 18% increase in revenue to HK$83,913,000 for the Year. 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. However, the number of visitor arrivals in Hong Kong in 2023 was only about 60% of the pre-pandemic level in 2019.

Compared with the pre-pandemic levels in 2019, there were still decreases in the number of the Mainland Chinese tourists in Hong Kong and in terms of their buying power and the average transaction size due to the weaker renminbi and the bleaker business outlook and employment prospect. Moreover, their interest also shifted more to sightseeing from shopping. Another problem was the growing trend of Hong Kong residents' northbound cross-border travel to Mainland China for relaxation and consumption, which affected the city's local retail and catering markets. As a result, the Group's business in Hong Kong had yet to fully recover.

Meanwhile, pressure of rising costs set in even after the post-pandemic recovery fell short of expectations. Rents of shop spaces at prime locations, especially the high-end shopping malls, increased gradually. Cost of procurement also rose.

To cope with such problems, the Group has been rationalizing its store network and actively developing its electronic commerce business for the purposes of boosting sales and conducting marketing campaigns. It also tried to broaden its income stream by developing the fashion apparel wholesale market in Canada during the Year. It started supplying goods to a distributor in Vancouver in November 2023.

To strengthen its business presence in Hong Kong and to capitalize on an anticipated full recovery in the local apparel retail market in the future, the Group had been prudently seeking for shop spaces with good prospect at reasonable rents. Meanwhile, it kept its store network to an optimal minimum by maintaining its presence mainly at high-end shopping malls in prime locations. During the Year, the Group 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. To tap the demand of Hong Kong residents on their northbound travel to Mainland China, the Group also stepped up its marketing campaigns targeted at the Hong Kong consumers at its stores in some Mainland Chinese cities that they frequented.

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 Year. The online shopping platforms not only allowed the Group to sell out-of-season products at discounts as well as the products specifically designed for online sales, but also enabled it to proactively conduct promotional campaigns and to maintain customer relationships, namely by notifying its customer club members of its latest offerings and promotional activities through their mobile phones.

As at 31 March 2024, the Group operated 6 *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 slightly decreased to HK$31,160,000 during the Year. It was because consumers remained cautious in view of the bleaker business outlook and employment prospect. The Chinese government was still endeavouring to revive the economy and, specifically, to cope with the ongoing crisis in the property sector. It also needed to cut interest rates to stimulate the economy and boost trade amid the strained Sino-United States relations. This resulted in a weaker renminbi against the Unites States dollar and led to a slight decrease in revenue at the Group's operations in the country.

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 these 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 first half of the Year, 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. In the second half of the Year, the Group opened one store in Kunming, Yunnan province, and one store in a high-end shopping mall in Nanjing, Jiangsu province.

To develop a store network that can better tap the consumer demand, the Group collected feedback from consumers through social media and its own online shopping platforms and opinions from property management teams of shopping malls whom it invited to its own fashion shows regarding its products. The surveys afforded the Group a better understanding of consumer preferences in various regions of the country. The Group also conducted on-site visits to prospective shop spaces. It would then be able to choose locations for its stores where it could zero in on target customers with a higher degree of precision.

As part of its marketing efforts, the Group held three fashion shows in Shenzhen, Guangdong province in October 2023, March and May 2024 respectively and one fashion show in Kunming to feature its latest deluxe and key fashion apparel. VIP members of the Group's customer club and property management teams of high-end shopping malls from some major cities were invited to the fashion shows. This allowed the Group to market its products to target customers and to let prospective landlords have a better understanding of *MOISELLE*'s positioning.

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 at 31 March 2024, the Group operated 12 *MOISELLE* retail stores in the country (As at 31 March 2023: 11 *MOISELLE* retail stores).

Operations in Macau

For the Year, turnover at the Group's operations in Macau dropped by 26% to HK$11,463,000 because its business was affected by the relocation of its *MOISELLE* store at The Venetian Macao, a hotel and casino resort in the city. The Group expects the business of its operations there to be buoyed up by a large number of inbound tourists in the city, especially those from Mainland China, in the future. As at 31 March 2024, the Group operated three shops in the city, namely one *MOISELLE* and one *LANCASTER* retail stores at The Venetian Macao, and one *MOISELLE* retail store at The Parisian Macao (As at 31 March 2023: one *MOISELLE* and one *LANCASTER* retail stores).

Operations in Taiwan

Revenue from the Group's operations in Taiwan rose by 14% to approximately HK$10,775,000, which accounted for about 8% of the Group's turnover for the Year. The growth was due to relocation of stores to more suitable spots and the operations' strengthened management there. The Group operated 3 *MOISELLE* and one *LANCASTER* retail stores there as at 31 March 2024 (As at 31 March 2023: 3 *MOISELLE* and one *LANCASTER* retail stores as well as one outlet).

FINANCIAL REVIEW

Overview

The Group's turnover increased by approximately 7% to approximately HK$137,311,000 (2023: HK$127,946,000) during the year ended 31 March 2024 as compared with 2023. The revenue earned from Hong Kong segment increased by approximately 18% to approximately HK$83,913,000 (2023: HK$70,846,000). The relaxation of government measures had contributed to increase of revenue of the segment under improved traffic of customers at all points of sales. The segment contributed to 61% (2023: 55%) of the Group's total revenue.

The revenue of the segment outside Hong Kong decreased by approximately 6% to approximately HK$53,398,000 (2023: HK$57,100,000) during the year ended 31 March 2024 mainly due to deteriorated performance in Macau under switch of locations of retail stores. The segment contribution decreased to 39% (2023: 45%) as a result.

During the year, the Group's gross profit margin was approximately 80.5%, as compared to 72.9% of the previous year. Significant improvement in gross profit margin reflected decreased reliance on businesses from discounted sales and fewer promotion activities during the financial year. Operating expenses for the year ended 31 March 2024 totaled approximately HK$141,421,000, compared to approximately HK$132,781,000 for 2023, increased by approximately 7%. Although the management had continued to conduct various measures in stringent cost management to counteract high operating expenses, mainly staff costs and rental expenses, the Group suffered an operating loss of HK$29,286,000 (2023: HK$24,980,000).

The loss attributable to the equity shareholders for the year ended 31 March 2024 was approximately HK$48,100,000 (2023: HK$42,857,000), increased in line with the increase in operating loss with impact from the significant increase in finance costs.

Liquidity and financial resources

During the year ended 31 March 2024, the Group financed its operations with internally generated cash flows and bank borrowings. The Group adopts a prudent financial policy such that it can meet the financial obligations when they fall due and maintain a sufficient operating fund for the development of the Group's business. At the end of the financial year, the Group's aggregate fixed deposits and cash balances amounted to approximately HK$24 million (2023: HK$14 million). Cash and bank deposits were held mainly in Hong Kong dollars and Renminbi. The Group has foreign operations and certain of its net assets are exposed to the risk of foreign currency exchange rate fluctuations. The management regularly monitors the foreign currency exchange risk of the Group and may consider hedging activities when necessary.

As at 31 March 2024, the Group was granted aggregate composite banking facilities of approximately HK$73 million (2023: HK$73 million) by various commercial banks. Within the overall banking facilities, the Group secured bank borrowings of HK$51 million (2023: 37 million) at operating subsidiary level financing its working capital as at 31 March 2024. The Group was also benefited from the utilisation of banking facilities HK$6 million (2023: HK$4 million) such as banking guarantee as at 31 March 2024.

The Group ran into net current liabilities of HK$24 million as at the year end (2023: HK$19 million), with current assets being less than current liabilities. As at 31 March 2024, the gearing ratio (aggregate of bank borrowings and lease liabilities divided by shareholders' equity) was approximately 23.5% (2023: 14.2%).

Charge on assets

As at 31 March 2024, land and buildings held for own use and investment properties with a carrying value of approximately HK$111 million (31 March 2023: HK$122 million) were pledged to secure bank borrowings granted to the Group.

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.

The business outlook has somehow stabilized even though it is still clouded by a slower than expected post-pandemic recovery, geopolitical tensions, the weaker renminbi, high inflation and high interest rates.

The governments of both Mainland China and Hong Kong have adopted a series of measures to stimulate the economy and domestic consumption. Specifically, eight more Mainland Chinese cities, mainly from the northern and western regions of the country, have been added to the solo traveller scheme in Hong Kong. Although the new measure has yet to prove its effectiveness in reviving Hong Kong's retail market, it is still a positive development.

It is against this backdrop that the Group will maintain its prudent approach to business development while seeking to broaden its income stream with a view to capitalizing on an anticipated full recovery in the apparel retail market in the future.

A turnaround in business hinges on growth in revenue. The Group, therefore, will forge ahead with the following initiatives.

To bolster its business presence in Hong Kong and Mainland China, the Group will open new shops at prime locations with good prospect at reasonable rents. It will choose locations for its stores where it could zero in on target customers with a higher degree of precision.

The Group will strengthen its electronic commerce business as a means of boosting sales, conducting marketing campaigns, collecting customer feedback and fostering customer relationships. Its online shopping platforms can also help attract more customers to its physical stores. The Group will also expand its electronic commerce business in Mainland China by forming alliances with more local online shopping platform operators.

As part of its effort to broaden its income stream, the Group will further develop the fashion apparel wholesale market in Canada by selling to a distributor in Vancouver.

The Group will step up the training of its staff in its products' characteristics and design concepts so that they can match the pace of its development.

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

EMPLOYEES

As at 31 March 2024, the Group employed 302 (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.

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 2024.

CORPORATE GOVERNANCE CODE

Save for the deviations 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 throughout the year ended 31 March 2024.

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.

REVIEW OF FINANCIAL INFORMATION

The audit committee of the Company has reviewed with the management the accounting principles and practices adopted by the Group and the consolidated financial statements of the Group for the year ended 31 March 2024. The audit committee comprises three independent non-executive directors of the Company, Ms. Yu Yuk Ying, Vivian, Mr. Chu Chun Kit, Sidney and Ms. Wong Shuk Ying, Helen.

SCOPE OF WORK OF BAKER TILLY HONG KONG LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, Baker Tilly Hong Kong Limited, to the amounts set out in the Group's audited consolidated financial statements for the year as approved by the Board. The work performed by Baker Tilly Hong Kong Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Baker Tilly Hong Kong Limited on the preliminary announcement.

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

Hong Kong, 26 June 2024

As at the date of this announcement, the Company's executive directors are Mr. Chan Yum Kit, Ms. Tsui How Kiu, Shirley and Mr. Chan Sze Chun, and independent non-executive directors are Ms. Yu Yuk Ying, Vivian, Mr. Chu Chun Kit, Sidney, Ms. Wong Shuk Ying, Helen and Dr. Ng Lai Man, Carmen.