



MANSION INTERNATIONAL HOLDINGS LIMITED

民 信 國 際 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8456

FIRST QUARTERLY REPORT 2018/19

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CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Main Board of the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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*This report, for which the directors (the “**Directors**”) of Mansion International Holdings Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ms. Fung Sau Ying (*Chairlady and Chief Executive Officer*)
Mr. Cheung Desmond Lap Wai (*Chief Operating Officer*)
Ms. Ho Lai Ying

Non-executive Director

Ms. Luk Sau Kuen

Independent Non-executive Directors

Mr. Choi Wing San Wilson
Mr. Cheung Ping Kwan Timothy
Mr. Leung Wai Yin

BOARD COMMITTEES

Audit Committee

Mr. Leung Wai Yin (*Chairman*)
Ms. Luk Sau Kuen
Mr. Cheung Ping Kwan Timothy

Remuneration Committee

Mr. Choi Wing San Wilson (*Chairman*)
Ms. Luk Sau Kuen
Mr. Leung Wai Yin

Nomination Committee

Ms. Fung Sau Ying (*Chairlady*)
Mr. Cheung Desmond Lap Wai
Mr. Choi Wing San Wilson
Mr. Cheung Ping Kwan Timothy
Mr. Leung Wai Yin

Compliance Officer

Mr. Cheung Desmond Lap Wai

COMPANY SECRETARY

Mr. Cho Yee Chun (resigned on 26 May 2018)
Mr. Kwok Siu Man (appointed on 26 May 2018)

AUTHORISED REPRESENTATIVES

Mr. Cheung Desmond Lap Wai
Mr. Cho Yee Chun (resigned on 26 May 2018)
Mr. Kwok Siu Man (appointed on 26 May 2018)

COMPLIANCE ADVISER

Alliance Capital Partners Limited

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited,
Level 22, Hopewell Centre,
183 Queen's Road East,
Hong Kong

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

7/F., 822 Lai Chi Kok Road,
Lai Chi Kok,
Kowloon,
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited,
Cricket Square, Hutchins Drive,
PO Box 2681, Grand Cayman,
KY1-1111, Cayman Islands

REGISTERED OFFICE

Cricket Square, Hutchins Drive,
PO Box 2681, Grand Cayman,
KY1-1111, Cayman Islands

PRINCIPAL BANKER

DBS Bank (Hong Kong) Limited

COMPANY WEBSITE

www.mansionintl.com

STOCK CODE

8456

FINANCIAL HIGHLIGHTS

- Based on the unaudited condensed consolidated results of the Group for the Period, the Group's revenue for the Period was approximately HK\$64.0 million, representing a decrease of approximately 19.1% as compared to approximately HK\$79.2 million for the corresponding period in 2017.
- During the Period, the Group's gross profit was approximately HK\$27.1 million, representing a decrease of approximately 18.9% as compared to approximately HK\$33.5 million for the corresponding period in 2017. Our Group's gross profit margin slightly increased from approximately 42.3% for the three months ended 30 June 2017 to approximately 42.4% for the three months ended 30 June 2018.
- During the Period, the Group's profit for the period was approximately HK\$0.3 million, representing a decrease of approximately 93.2% as compared to profit for the period of approximately HK\$4.1 million for the corresponding period in 2017 (excluding the listing expenses).
- The Board has resolved not to declare the payment of any dividend for the Period (2017: Nil).

The board of Directors (the “**Board**”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the three months ended 30 June 2018 (the “**Period**”), together with the comparative figures for the corresponding period in 2017, as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 30 June 2018

	<i>Notes</i>	For the three months ended	
		30 June 2018	30 June 2017
		HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Revenue	3	64,048	79,197
Cost of sales		(36,905)	(45,732)
Gross profit		27,143	33,465
Other income	4	350	130
Selling and distribution costs		(8,584)	(9,875)
Administrative and other expenses		(17,837)	(18,484)
Listing expenses		—	(3,961)
Finance costs	5	(710)	(646)
Profit before tax	6	362	629
Income tax expenses	7	(86)	(500)
Profit for the period		276	129
Other comprehensive income for the period that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		1,714	(578)
Other comprehensive income for the period		1,714	(578)
Total comprehensive income attributable to owners of the Company		1,990	(449)
Earnings per share (HK cent):			
Basic and diluted	9	0.07	0.04

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2018

	Share capital	Share premium	Capital reserve	Statutory reserve	Other reserve	Exchange reserve	Revaluation reserve	Retained profits	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 April 2017									
(Audited)	8	—	5,987	288	—	1,013	—	37,000	44,296
Profit for the period	—	—	—	—	—	—	—	129	129
Exchange differences on translation of financial statements of foreign operations	—	—	—	—	—	578	—	—	578
Total comprehensive income for the period	—	—	—	—	—	578	—	129	707
Balance at 30 June 2017									
(Unaudited)	8	—	5,987	288	—	1,591	—	37,129	45,003
Balance at 1 April 2018									
(Audited)	4,000	57,015	5,987	288	8	3,854	(1,812)	16,736	86,076
Profit for the period	—	—	—	—	—	—	—	276	276
Exchange differences on translation of financial statements of foreign operations	—	—	—	—	—	(1,714)	—	—	(1,714)
Total comprehensive income for the three months ended 30 June 2018	—	—	—	—	—	(1,714)	—	276	(1,438)
Balance at 30 June 2018									
(Unaudited)	4,000	57,015	5,987	288	8	2,140	(1,812)	17,012	84,638

NOTES TO THE UNAUDITED FINANCIAL INFORMATION

1. CORPORATE INFORMATION, REORGANISATION AND BASIS OF PRESENTATION

(a) General information

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 17 May 2017. The address of the Company's registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business in Hong Kong is located at 7/F., 822 Lai Chi Kok Road, Kowloon, Hong Kong.

The Company is an investment holding company and its subsidiaries are principally engaged in the sale of baby and children garments.

The immediate and ultimate holding company of the Company is Joyful Cat Limited ("**Joyful Cat**"), a company incorporated in the British Virgin Islands.

The issued shares of the Company (the "**Shares**") were initially listed on GEM of the Stock Exchange (the "**Listing**") on 26 January 2018.

(b) Reorganisation and basis of presentation

Pursuant to the reorganisation of the Group (the "**Reorganisation**") in connection with the Listing by way of public offer and placing, the Company became the holding company of its subsidiaries now comprising the Group on 23 June 2017. Details of the Reorganisation are set out in the section headed "History, Development and Reorganisation" in the prospectus of the Company dated 12 January 2018 (the "**Prospectus**").

Accordingly, the unaudited condensed consolidated statement of comprehensive income and the unaudited condensed consolidated statement of changes in equity are prepared as if the current group structure had been in existence throughout the reporting period.

All companies now comprising the Group have adopted 31 March as their financial year end date.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements for the three months ended 30 June 2018 (the "**Unaudited Condensed Consolidated Financial Statements**") have been prepared in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, the Hong Kong Accounting Standards ("**HKASs**") and Interpretations (hereinafter collectively referred to as the "**HKFRSs**") and the provisions of the Hong Kong Companies Ordinance, which govern the preparation of financial statements. In addition, the Unaudited Condensed Consolidated Financial Statements include applicable disclosures required by the GEM Listing Rules.

The Unaudited Condensed Consolidated Financial Statements have been prepared under the historical cost convention. They are presented in Hong Kong Dollars ("**HKS**") which is the same as the functional currency of the Company, and all values are rounded to the nearest thousands, except when otherwise indicated.

The Unaudited Condensed Consolidated Financial Statements have not been audited by the Company's independent auditor but have been reviewed by the audit committee of the Board (the "**Audit Committee**") and were approved for issue by the Board on 6 August 2018.

NOTES TO THE UNAUDITED FINANCIAL INFORMATION

New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the respective dates they become effective.

HKFRS 16	Leases ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 - 2017 Cycle ¹
Amendments to HKFRS 9	Prepayment Features with Negative Compensation ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments ¹
Amendments to HKFRS 3	Business Combinations ¹
Amendments to HKAS 12	Income Tax ¹
Amendments to HKAS 19	Employee Benefits ¹
Amendments to HKAS 23	Borrowing Costs ¹

¹ Effective for annual periods beginning on or after 1 January 2019

² The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments continue to be permitted.

NOTES TO THE UNAUDITED FINANCIAL INFORMATION

3. REVENUE AND SEGMENT INFORMATION

Business segments

The Group determines its operating segments based on the internal reports reviewed by the executive Directors, who are the chief operating decision makers, that are used to allocate resources and assess performance, which are analysed based on the business.

Segment results represents the profit before taxation earned by each segment and excluding unallocated other income and unallocated expenses. Unallocated expenses mainly include staff cost, Listing expenses and finance costs. This is the measure reported to the executive Directors for the purpose of allocation of resources and assessment of segment performance.

The following is an analysis of the Group's turnover and results by business.

Three months ended 30 June 2018 (unaudited)	Original Brand Manufacturing ("OBM")	Original Equipment Manufacturing ("OEM")	Total
	HK\$'000	HK\$'000	HK\$'000
Reportable segment revenue	14,864	49,184	64,048
Reportable segment results	184	8,742	8,926
Unallocated expenses			(8,564)
Profit before tax			362

Three months ended 30 June 2017 (unaudited)	OBM	OEM	Total
	HK\$'000	HK\$'000	HK\$'000
Reportable segment revenue	18,917	60,280	79,197
Reportable segment results	2,359	9,196	11,555
Unallocated expenses			(10,926)
Profit before tax			629

NOTES TO THE UNAUDITED FINANCIAL INFORMATION

4. OTHER INCOME

	For the three months ended	
	30 June 2018	30 June 2017
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Bank interest income	—	1
Interest income of available-for-sale financial assets	296	—
Sundry income	54	129
	350	130

5. FINANCE COSTS

	For the three months ended	
	30 June 2018	30 June 2017
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Interest on bank borrowings	709	545
Interest on a shareholder's loan	—	100
Interest on finance lease	1	1
	710	646

NOTES TO THE UNAUDITED FINANCIAL INFORMATION

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	For the three months ended	
	30 June 2018	30 June 2017
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Directors' remuneration	1,724	1,833
Employee benefits expenses (excluding the Directors' remuneration):		
Salaries, allowances and other benefits	12,034	11,105
Pension scheme contributions	420	504
Total staff costs	14,178	13,442
Auditor's remuneration	67	409
Depreciation of property, plant and equipment	609	784
Written off of property, plant and equipment	41	—
Amortisation of land use rights	17	13
Cost of inventories sold	36,905	45,732
Listing expenses	—	3,961
Minimum lease payments under operating leases recognised as an expense	6,905	7,020

NOTES TO THE UNAUDITED FINANCIAL INFORMATION

7. INCOME TAX EXPENSES

	For the three months ended	
	30 June 2018	30 June 2017
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Current tax		
– tax for the periods	86	500
Income tax expenses	86	500

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the three-month periods ended 30 June 2018 and 2017. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof during the three-month periods ended 30 June 2018 and 2017.

In accordance with the China enterprise income tax law, enterprise income tax rates for domestic and foreign enterprises are unified at 25%.

8. DIVIDEND

The Board has resolved not to declare the payment of any dividend for the three months ended 30 June 2018 (2017: Nil).

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	For the three months ended	
	30 June 2018	30 June 2017
	(Unaudited)	(Unaudited)
<i>Earnings</i>		
Earnings for the purposes of basic and diluted earnings per share (HK\$'000)	276	129
<i>Number of Shares</i>		
Weighted average number of ordinary Shares for the purposes of basic and diluted earnings per share ('000)	400,000	300,000

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

Risks for the world economy have increased in view of growing political tensions especially the imminent trade war between US and China. Moreover, US, being the world's largest importer of clothing, and the Group's clients there sharing almost half of our OEM business, had problems of overstocking for inventory. Besides, the liquidation of an international toy product retailer greatly affected our OEM business as the inventory over 300 retail stores are being sold at a deep discount to the US market during the liquidation process, distorting the overall market supply of baby products including baby clothing. Such liquidation also means a closure of over 300 retail stores from one of the major sales outlets of our OEM customers in US. This adversely impacted the revenue and operating results of our OEM business and this downtrend factor is expected to continue for a considerable period of time. In this challenging environment, the management shall diversify our customer base and further improve our competitiveness in the market by enhancing our sales and marketing efforts as in line with our strategy described in the Prospectus.

The decrease in revenue and operating results of our OBM business was mainly due to keen competition with other market players, in particular, one of which selling at prices significantly lower than ours. We will continue to reinforce our marketing effort in promoting our brand and strengthening our customer relationship. We will further strengthen our presence in the PRC market which we expect it will enhance our OBM business. Despite the tough circumstances, the management is positive for the future in long run and will put every effort to maximize the net profit and maintain the market share.

FINANCIAL REVIEW

Cost of Sales, Gross Profit and Gross Profit Margin

The cost of sales of our Group amounted to approximately HK\$36.9 million for the three months ended 30 June 2018 (2017: approximately HK\$45.7 million), representing a decrease of HK\$8.8 million or 19.3% compared to the corresponding period in 2017. The decrease was due to the decrease of production costs attributable to the decrease in quantity of products sold and the cost control measures introduced in the manufacturing process. Our gross profit for the same period amounted to approximately HK\$27.1 million (2017: approximately HK\$33.5 million), representing a decrease of approximately HK\$6.4 million or 18.9%, resulting from the decrease in our revenue as compared to the corresponding period in 2017.

The gross profit margin of our Group remained stable from approximately 42.3% for the three months ended 30 June 2017 to approximately 42.4% for the three months ended 30 June 2018.

Expenses

The selling and distribution costs of our Group amounted to approximately HK\$8.6 million (2017: approximately HK\$9.9 million), representing a decrease of approximately 13.1% or HK\$1.3 million compared to the corresponding period in 2017. The administrative and other expenses of our Group amounted to approximately HK\$17.8 million (2017: approximately HK\$18.5 million), representing a decrease of approximately 3.5% or HK\$0.7 million compared to the corresponding period in 2017. The decrease was consequential to the decrease in revenue.

Profit before income tax expenses

As a result of the foregoing and the incurrance of the Listing expenses of approximately HK\$4.0 million for the three months ended 30 June 2017 (2018: Nil), our Group's financial performance changed from a profit before income tax expenses of approximately HK\$4.6 million for the three months ended 30 June 2017 to that of approximately HK\$0.4 million for the three months ended 30 June 2018.

Liquidity, Financial Resources and Capital Structure

During the Period, the Group's main source of funds was cash generated from operations. As at 30 June 2018, the Group had bank balances and cash of approximately HK\$12.8 million (2017: approximately HK\$22.9 million) and approximately 95.2% (2017: 96.0%) and approximately 4.8% (2017: 4.0%) were denominated in HK\$ and Renminbi respectively.

As at 30 June 2018, the Group's interest-bearing borrowings which were mainly bank borrowings amounted to approximately HK\$60.9 million (2017: approximately HK\$59.9 million).

During the reporting period, the Group did not use any financial instruments for hedging purposes (2017: Nil).

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATION

As at 30 June 2018, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

LONG POSITION IN THE SHARES OF THE COMPANY

Name of Director/chief executive	Capacity/Nature of interest	Number of Shares held	Percentage of the Company's issued Shares*
Ms. Fung Sau Ying (" Ms. Fung ")	Interest of a controlled corporation	300,000,000 <i>(Note)</i>	75%

Note: These Shares are held by Joyful Cat. The entire issued share capital of Joyful Cat is legally and beneficially owned by Ms. Fung, the chairlady of the Board (the "**Chairlady**") and the chief executive officer of the Company (the "**Chief Executive Officer**"). Accordingly, Ms. Fung is deemed to be interested in all the Shares in which Joyful Cat is interested under Part XV of the SFO.

* The percentage represents the total number of the Shares held divided by the number of issued Shares as at 30 June 2018 (i.e. 400,000,000 Shares).

LONG POSITION IN THE SHARE OF ASSOCIATED CORPORATION

Name of Director	Name of associated corporation	Capacity/ Nature of interest	Number of share held	Percentage of shareholding
Ms. Fung	Joyful Cat <i>(Note)</i>	Beneficial owner	1	100%

Note: Joyful Cat is the direct shareholder of the Company (the "**Shareholder**") and is an associated corporation within the meaning of Part XV of the SFO.

Save as disclosed above, as at 30 June 2018, none of the Directors nor the chief executive of the Company had any interests and short positions in the shares or underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2018, so far as is known to the Directors, the following entity other than the Directors and the chief executive of the Company, had interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO:

LONG POSITION IN THE SHARES OF THE COMPANY

Name of Shareholder	Capacity/Nature of Interest	Number of Shares held	Percentage of the Company's issued Shares*
Joyful Cat <i>(Notes (1) and (2))</i>	Beneficial owner	300,000,000	75%

Notes:

(1) Joyful Cat is the direct Shareholder.

(2) Joyful Cat is legally and beneficially owned as to 100% by Ms. Fung.

* The percentage represents the number of Shares held divided by the number of issued Shares as at 30 June 2018 (i.e. 400,000,000 Shares).

Save as disclosed above, as at 30 June 2018, so far as is known by or otherwise notified to the Directors, no other entity or person (other than a Director or the chief executive of the Company) had interests and short positions in the Shares and the underlying Shares as required to be recorded in the register to be kept by the Company pursuant to Section 336 of the SFO.

ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENT

During the Period, the Company did not have any significant investment, material acquisition or disposal of subsidiaries and affiliated companies.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTEREST IN COMPETING BUSINESS

During the Period, none of the Directors or the controlling shareholders of the Company, or their respective close associates had any business or interest which directly or indirectly competed or might compete with the business of the Group.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Period, the Company did not redeem any of its listed securities, nor did the Company or any of its subsidiaries purchase or sell any of such securities.

INTERESTS OF THE COMPLIANCE ADVISER

As confirmed by the Company's compliance adviser Alliance Capital Partners Limited (the "**Compliance Adviser**"), as at the date of this report, save for the compliance adviser agreement dated 12 July 2017 entered into between the Company and the Compliance Adviser, neither the Compliance Adviser nor any of its directors, employees or close associates had any interests in the securities of the Company or any member of the Group (including options or rights to subscribe for such securities), which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining high standards of corporate governance in order to uphold the transparency of the Group and safeguard the interests of the shareholders of the Company. The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code contained in Appendix 15 to the GEM Listing Rules (the "CG Code"). The Company has adopted and, save for the deviation from code provision A.2.1 of the CG Code as disclosed below, has complied with all applicable code provisions as set out in the CG Code during the Period.

In accordance with code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Ms. Fung is the Chairlady and the Chief Executive Officer. In view of the present Board comprising approximately 60% of the non-executive Director and independent non-executive Directors (the "INEDs") and having appropriate checks and balances of power, the in-depth knowledge and experience of the Chairlady (who is also the Chief Executive Officer) of the operations of the Group and the baby clothing industry in general as well as her extensive business network and connections, and the scope of operations of the Group, the Board believes that it is in the best interest of the Group for Ms. Fung to assume the roles of both the Chairlady and the Chief Executive Officer.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for dealing in securities of the Company by the Directors (the "Required Standard of Dealings"). Each of them has confirmed that he/she had complied with the Required Standard of Dealings throughout the Period. No incident of non-compliance was noted by the Company during the Period.

DIVIDEND

The Board has resolved not to declare the payment of any dividend for the Period (2017: Nil).

AUDIT COMMITTEE

The Board has established an Audit Committee with written terms of reference in accordance with Rule 5.28 of the GEM Listing Rules and code provision C.3.3 of the CG Code. The primary duties of the Audit Committee are mainly to make recommendations to the Board on the appointment and removal of external auditors, review the financial statements and material advice in respect of financial reporting, and oversee internal control and risk management procedures of the Group.

The Audit Committee has reviewed this report for the Period, including the Unaudited Condensed Consolidated Financial Statements, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosure has been made. As at the date of this report, the Audit Committee comprises two INEDs, namely Mr. Leung Wai Yin and Mr. Cheung Ping Kwan Timothy and Ms. Luk Sau Kuen, the non-executive Director. Mr. Leung Wai Yin is the chairman of the Audit Committee.

By order of the Board
Mansion International Holdings Limited
Fung Sau Ying

Chairlady, Chief Executive Officer and Executive Director

Hong Kong, 6 August 2018

As at the date of this report, the executive Directors are Ms. Fung Sau Ying (chairlady and chief executive officer), Mr. Cheung Desmond Lap Wai (chief operating officer) and Ms. Ho Lai Ying; the non-executive Director is Ms. Luk Sau Kuen; and the independent non-executive Directors are Mr. Choi Wing San Wilson, Mr. Cheung Ping Kwan Timothy and Mr. Leung Wai Yin.