



**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

YOUR BABY OUR VISION

以愛編織 快樂未來



INTERIM REPORT 2019/20

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### *Executive Directors*

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

#### *Independent Non-executive Directors*

Mr. Cho Chi Kong  
Mr. Choi Wing San Wilson  
Mr. Tan Yik Chung Wilson

### BOARD COMMITTEES

#### *Audit Committee*

Mr. Tan Yik Chung Wilson (*Chairman*)  
Mr. Cho Chi Kong  
Mr. Choi Wing San Wilson

#### *Remuneration Committee*

Mr. Choi Wing San Wilson (*Chairman*)  
Mr. Cho Chi Kong  
Mr. Tan Yik Chung Wilson

#### *Nomination Committee*

Mr. Cho Chi Kong (*Chairman*)  
Mr. Cheung Desmond Lap Wai  
Mr. Choi Wing San Wilson  
Mr. Tan Yik Chung Wilson

### COMPLIANCE OFFICER

Mr. Cheung Desmond Lap Wai

### COMPANY SECRETARY

Sir Kwok Siu Man KR

### AUTHORISED REPRESENTATIVES

Mr. Cheung Desmond Lap Wai  
Sir Kwok Siu Man KR

### INDEPENDENT AUDITOR

BDO Limited

### COMPLIANCE ADVISER

Alliance Capital Partners Limited

### LEGAL ADVISER

*As to Hong Kong Laws*  
Kelvin Cheung & Co., Solicitors

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

Boardroom Share Registrars (HK) Limited  
Room 2103B, 21/F.,  
148 Electric Road,  
North Point,  
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 BANKERS

The Hongkong and Shanghai Banking  
Corporation Limited  
DBS Bank (Hong Kong) Limited

### COMPANY WEBSITE

[www.mansionintl.com](http://www.mansionintl.com)

### STOCK CODE

8456

### BOARD LOT

4,000 shares

The board of Directors (the “**Board**”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 September 2019 (the “**Period**”), together with the comparative figures for the corresponding period in 2018, as follows:

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

For the six months ended 30 September 2019

	Notes	Six months ended 30 September	
		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Revenue	4	97,586	108,847
Cost of sales		(58,418)	(63,538)
Gross profit		39,168	45,309
Other income, gains and losses	5	684	1,321
Selling and distribution costs		(15,443)	(17,122)
Administrative and other expenses		(32,600)	(37,538)
Finance costs	6	(3,580)	(1,689)
Loss before tax		(11,771)	(9,719)
Income tax (expense)/credit	7	(119)	173
Loss for the period		(11,890)	(9,546)
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		(1,294)	(3,019)
Other comprehensive income for the period		(1,294)	(3,019)
Total comprehensive income attributable to owners of the Company		(13,184)	(12,565)
Loss per share:			
Basic and diluted (HK cents)	9	(2.97)	(2.39)

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2019

	Notes	30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	10	13,613	14,992
Land use rights		809	868
Right-of-use assets	11	28,125	–
Deposits	14	6,182	6,256
Club debentures		820	820
Financial assets at fair value through profit or loss	12	30,247	29,650
Deferred tax assets		1,053	1,068
		<b>80,849</b>	<b>53,654</b>
<b>Current assets</b>			
Inventories		81,181	89,883
Trade receivables	13	21,938	21,389
Deposits, prepayments and other receivables	14	4,625	5,833
Tax recoverable		570	603
Pledged bank deposit		15,000	15,000
Cash and bank balances		4,471	7,452
		<b>127,785</b>	<b>140,160</b>
<b>Current liabilities</b>			
Trade and bills payables	15	21,610	29,600
Contract liabilities		87	124
Accruals and other payables		17,625	13,791
Amount due to a director	16	–	15,003
Bank borrowings	17	68,106	69,560
Finance lease liabilities		24	70
Lease liabilities	18	14,909	–
		<b>122,361</b>	<b>128,148</b>
<b>Net current assets</b>			
		<b>5,424</b>	<b>12,012</b>
<b>Total assets less current liabilities</b>			
		<b>86,273</b>	<b>65,666</b>

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2019

	<i>Notes</i>	<b>30 September 2019 HK\$'000 (Unaudited)</b>	31 March 2019 HK\$'000 (Audited)
<b>Non-current liabilities</b>			
Provision for long service payments		552	686
Loan from a director	16	20,000	–
Lease liabilities	18	13,925	–
		<u>34,477</u>	<u>686</u>
<b>Net assets</b>		<u>51,796</u>	<u>64,980</u>
<b>Equity</b>			
Equity attributable to owners of the Company			
Share capital	19	4,000	4,000
Reserves		47,796	60,980
<b>Total equity</b>		<u>51,796</u>	<u>64,980</u>

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2019

	Attributable to owners of the Company								
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Statutory reserve HK\$'000	Other reserve HK\$'000	Exchange reserve HK\$'000	Revaluation reserve HK\$'000	Retained profits/ (accumulated losses) HK\$'000	Total equity HK\$'000
As at 31 March 2018 (Audited)	4,000	57,015	5,987	288	8	3,854	(1,812)	16,736	86,076
Initial application of HKFRS 9	-	-	-	-	-	-	1,812	(1,893)	(81)
Restated balance as at 1 April 2018	4,000	57,015	5,987	288	8	3,854	-	14,843	85,995
Loss for the period	-	-	-	-	-	-	-	(9,546)	(9,546)
Other comprehensive income:									
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	(3,019)	-	-	(3,019)
Total comprehensive income for the period	-	-	-	-	-	(3,019)	-	(9,546)	(12,565)
As at 30 September 2018 (Unaudited)	4,000	57,015	5,987	288	8	835	-	5,297	73,430
As at 1 April 2019 (Audited)	4,000	57,015	5,987	288	8	1,608	-	(3,926)	64,980
Loss for the period	-	-	-	-	-	-	-	(11,890)	(11,890)
Other comprehensive income:									
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	(1,294)	-	-	(1,294)
Total comprehensive income for the period	-	-	-	-	-	(1,294)	-	(11,890)	(13,184)
As at 30 September 2019 (Unaudited)	4,000	57,015	5,987	288	8	314	-	(15,816)	51,796



# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2019

	<b>Six months ended 30 September</b>	
	<b>2019 HK\$'000 (Unaudited)</b>	2018 HK\$'000 (Unaudited)
<b>Net cash generated from/(used in) operating activities</b>	<b>5,247</b>	(13,011)
<b>Cash flows from investing activities</b>		
Interest received	<b>63</b>	4
Proceeds from disposal of property, plant and equipment	<b>100</b>	–
Purchases of property, plant and equipment	<b>(850)</b>	(1,906)
<b>Net cash used in investing activities</b>	<b>(687)</b>	(1,902)
<b>Cash flows from financing activities</b>		
Advances from a director	<b>5,000</b>	–
Interest paid	<b>(3,580)</b>	(1,689)
Repayment of bank borrowings	<b>(66,919)</b>	(32,015)
Proceeds from bank borrowings	<b>66,111</b>	41,735
Repayment of obligations under finance leases	<b>(46)</b>	(44)
Repayment of lease liabilities	<b>(7,177)</b>	–
<b>Net cash (used in)/generated from financing activities</b>	<b>(6,611)</b>	7,987
<b>Net decrease in cash and cash equivalents</b>	<b>(2,051)</b>	(6,926)
<b>Cash and cash equivalents at the beginning of the period</b>	<b>7,452</b>	21,847
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(930)</b>	(1,965)
<b>Cash and cash equivalents at the end of the period</b>	<b>4,471</b>	12,956

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

## 1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 17 May 2017. Its shares (the “**Shares**”) in issue are listed on GEM. 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.

In the opinion of the Directors, the immediate and ultimate holding company is Joyful Cat Limited (“**Joyful Cat**”), a company incorporated in the British Virgin Islands (the “**BVI**”).

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

### *Basis of preparation*

The unaudited condensed consolidated financial statements of the Group for the Period (the “**Interim Financial Statements**”) have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules. The Interim Financial Statements do not include all the information required in annual consolidated financial statements in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable individual HKFRSs, HKASs and Interpretations issued by the HKICPA, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 March 2019 (the “**Annual Financial Statements 2018/19**”).

The Interim Financial Statements are presented in Hong Kong dollars (“**HK\$**”) which is the functional currency of the Company’s major operating subsidiaries and all values are rounded to the nearest thousand (HK\$’000) except when otherwise indicated.

The Group continues to adopt the going concern basis in preparing the Interim Financial Statements. The Group has continued to sustain loss for the Period. The loss for the Period amounted to approximately HK\$11,890,000 and the net current assets and the net assets as at 30 September 2019 had decreased to approximately HK\$5,424,000 and HK\$51,796,000 respectively.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

Notwithstanding the above, the Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. Having considered the actions as stated in the Annual Financial Statements 2018/19, the Directors are satisfied that the Group is able to meet in full its financial obligations as they fall due in its ordinary and usual course of business and remain as a going concern in the foreseeable future. Accordingly, the Directors are satisfied that it is appropriate to prepare the Interim Financial Statements on a going concern basis. The Directors are not aware of any material uncertainties related to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

### *Significant accounting policies*

The principal accounting policies applied in the preparation of the Interim Financial Statements were consistent with those applied for the Annual Financial Statements 2018/19, except for as described below. In the Period, the Group has applied, for the first time, the following new and revised HKFRSs which include all HKFRSs, HKASs and Interpretations) issued by the HKICPA which are effective for the Group's financial years beginning on or after 1 April 2019.

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 3, Business Combinations
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 11, Joint Arrangements
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKAS 12, Income Taxes
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKAS 23, Borrowing Costs
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

Other than as explained below regarding the impact of HKFRS 16 Leases, the adoption of the above new and revised standards has had no significant financial effect on the Interim Financial Statements. The nature and impact of the HKFRS 16 are described below:

### *Adoption of HKFRS 16*

HKFRS 16 replaces HKAS 17 Leases, HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease, HK(SIC)-Int 15 Operating Leases – Incentives and HK(SIC)-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have any financial impact on leases where the Group is the lessor.

The Group adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 April 2019. Under this method, the comparative information for 2018 was not restated and continues to be reported under HKAS 17.

#### (a) New definition of a lease

Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 April 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their standard-alone prices. A practical expedient is available to a lessee, which the Group has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components (e.g., property management services for leases of properties) as a single lease component.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

- (b) As a lessee – Leases previously classified as operating leases

### *Nature of the effect of adoption of HKFRS 16*

The Group has lease contracts for various properties. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

### *Impacts on transition*

Lease liabilities as at 1 April 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate as at 1 April 2019.

The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the consolidated statement of financial position immediately before 1 April 2019. All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets separately in the condensed consolidated statement of financial position.

The Group has used the following elective practical expedients when applying HKFRS 16 as at 1 April 2019:

- Applied the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application; and
- Used hindsight in determining the lease term where the contract contains options to extend/terminate the lease.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

The impacts arising from the adoption of HKFRS 16 as at 1 April 2019 are as follows:

	<b>HK\$'000 (Unaudited)</b>
<b>Assets</b>	
Increase in right-of-use assets	<b>32,996</b>
Total assets	<b>32,996</b>
<b>Liabilities</b>	
Increase in current lease liabilities	<b>13,822</b>
Increase in non-current lease liabilities	<b>19,174</b>
Total liabilities	<b>32,996</b>

Weighted average incremental borrowing rate as at 1 April 2019 was 4.375%.

(c) Summary of new accounting policies

The accounting policy for leases as disclosed in the Annual Financial Statements 2018/19 is replaced with the following new accounting policies upon adoption of HKFRS 16 from 1 April 2019:

*Right-of-use assets*

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

- (d) Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Interim Financial Statements in conformity with HKFRSs requires the use of certain critical accounting estimates. The significant judgments, estimates and assumptions applied in the preparation of the Interim Financial Statements are consistent with those used in the Annual Financial Statements 2018/19.

### 4. REVENUE AND SEGMENT INFORMATION (UNAUDITED)

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

Original Equipment Manufacturing (“**OEM**”) OEM business directly to the overseas brand companies or designated sourcing companies mainly located in Hong Kong, the United Kingdom (the “**UK**”) and the United States (the “**US**”); and

Original Brand Manufacturing (“**OBM**”) OBM business under our own brand “Mides” and complementary third party brand products through our self-operated retail stores and department store counters in Hong Kong, and wholesale in Hong Kong, the People’s Republic of China (the “**PRC**”) and Macau.

Segment results represents loss before tax by each segment and excludes bank interest income, change in fair value of financial assets at fair value through profit or loss (“**FVTPL**”), Directors’ remuneration and finance costs. Unallocated expenses mainly included staff costs, legal and professional fees, repairs and maintenance, telephone expenses, travelling expenses, advertising and promotion and motor vehicle expenses. This is the measure reported to the executive Directors for the purpose of resource allocation and assessment of segment performance.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

### *Segment revenue and results*

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

<b>Six months ended 30 September 2019</b>	<b>OEM HK\$'000</b>	<b>OBM HK\$'000</b>	<b>Total HK\$'000</b>
<b>REVENUE, recognised at a point in time</b>			
External sales	<u>68,021</u>	<u>29,565</u>	<u>97,586</u>
<b>RESULTS</b>			
Segment results	<u>7,703</u>	<u>(673)</u>	<u>7,030</u>
Bank interest income			<b>63</b>
Change in fair value of financial assets at FVTPL			<b>595</b>
Directors' remuneration			<b>(3,308)</b>
Finance costs			<b>(3,580)</b>
Unallocated expenses			<u><b>(12,571)</b></u>
Loss before tax			<u><b>(11,771)</b></u>
<b>Six months ended 30 September 2018</b>			
	OEM HK\$'000	OBM HK\$'000	Total HK\$'000
<b>REVENUE, recognised at a point in time</b>			
External sales	<u>80,335</u>	<u>28,512</u>	<u>108,847</u>
<b>RESULTS</b>			
Segment results	<u>8,963</u>	<u>(642)</u>	<u>8,321</u>
Bank interest income			<b>4</b>
Change in fair value of financial assets at FVTPL			<b>590</b>
Directors' remuneration			<b>(4,042)</b>
Finance costs			<b>(1,689)</b>
Unallocated expenses			<u><b>(12,903)</b></u>
Loss before tax			<u><b>(9,719)</b></u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

### *Geographical information*

The Group's revenue from external customers are divided into the following geographical location of customers:

	<b>Six months ended 30 September</b>	
	<b>2019 HK\$'000</b>	2018 HK\$'000
UK	<b>45,302</b>	42,778
Hong Kong	<b>31,814</b>	33,206
US	<b>16,714</b>	30,105
PRC, Macau and Taiwan	<b>3,528</b>	448
Others	<b>228</b>	2,310
	<b>97,586</b>	108,847

The information of the Group's non-current assets by geographical location is detailed below:

	<b>30 September 2019 HK\$'000</b>	31 March 2019 HK\$'000
Hong Kong	<b>64,150</b>	41,707
PRC	<b>16,699</b>	11,947
	<b>80,849</b>	53,654

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

### *Information about major customers*

OEM revenue from customers contributing over 10% of the total revenue of the Group are as follows:

	<b>Six months ended 30 September</b>	
	<b>2019 HK\$'000</b>	2018 HK\$'000
Customer A	<b>25,906</b>	26,935
Customer B	<b>14,683</b>	15,169
Customer C	<b>10,183</b>	N/A

Customers A and C are located in the UK and Customer B is located in the US. The revenue generated from Customer C was less than 10% of the Group's revenue for the six months ended 30 September 2018. No OBM customer has contributed more than 10% of the Group's revenue.

### 5. OTHER INCOME, GAINS AND LOSSES (UNAUDITED)

	<b>Six months ended 30 September</b>	
	<b>2019 HK\$'000</b>	2018 HK\$'000
Bank interest income	<b>63</b>	4
Change in fair value of financial assets at FVTPL	<b>595</b>	590
Reversal of expected credit loss on trade receivables	<b>949</b>	–
Exchange gain	–	617
Sundry (expenses)/income	<b>(923)</b>	110
	<b>684</b>	1,321

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

### 6. FINANCE COSTS (UNAUDITED)

	<b>Six months ended 30 September</b>	
	<b>2019 HK\$'000</b>	2018 HK\$'000
Interest on bank borrowings	<b>2,032</b>	1,688
Interest on a loan from a Director	<b>291</b>	–
Interest on finance lease	<b>1</b>	1
Interest on lease liabilities	<b>1,256</b>	–
	<b>3,580</b>	1,689

### 7. INCOME TAX (EXPENSE)/CREDIT (UNAUDITED)

	<b>Six months ended 30 September</b>	
	<b>2019 HK\$'000</b>	2018 HK\$'000
Current – Hong Kong profits tax – over provision in respect of prior periods	–	398
Current – PRC Enterprise Income Tax (“EIT”) – tax for the Period	<b>(104)</b>	(225)
	<b>(104)</b>	173
Deferred tax – charge for the Period	<b>(15)</b>	–
Income tax (expense)/credit	<b>(119)</b>	173

The applicable tax rates for Hong Kong Profits Tax were calculated at 8.25% of the first HK\$2,000,000 of estimated assessable profits of the qualifying corporation and 16.5% of the remaining estimated assessable profits.

In accordance with the EIT Law of the PRC, the applicable EIT rates for domestic and foreign enterprises are unified at 25%.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

### 8. DIVIDEND

The Board has resolved not to declare the payment of any dividend for the Period (2018: Nil).

### 9. LOSS PER SHARE (UNAUDITED)

The calculation of the basic and diluted loss per share is based on the following data:

	<b>Six months ended 30 September</b>	
	<b>2019</b>	2018
<b>Loss</b>		
Loss attributable to owners of the Company for the purposes of basic and diluted loss per share (HK\$'000)	<b>(11,890)</b>	(9,546)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share ('000)	<b>400,000</b>	400,000

Diluted loss per share was same as the basic loss per share as there were no dilutive potential ordinary shares in existence during the six months ended 30 September 2019 and 2018.

### 10. PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group acquired items of property, plant and equipment amounting to approximately HK\$850,000 (six months ended 30 September 2018: HK\$1,906,000).

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

### 11. RIGHT-OF-USE ASSETS

The Group leases several assets including buildings. Lease arrangements are negotiated on an individual basis and contain a wide range of different terms and conditions, including lease payment and lease terms ranging from more than 1 year to 5 years.

	<b>Buildings HK\$'000 (Unaudited)</b>
<b>Net carrying amount</b>	
As at 1 April 2019	<b>32,996</b>
As at 30 September 2019	<b>28,125</b>
<b>Depreciation expense for the six months ended 30 September 2019</b>	<b>8,365</b>

*Amounts recognised in profits and loss*

	<b>HK\$'000 (Unaudited)</b>
<b>Six months ended 30 September 2019</b>	
Depreciation expense on right-of-use-assets	<b>8,365</b>
Interest expense on lease liabilities	<b>1,256</b>
Expenses relating to short-term leases	<b>4,186</b>

The total cash outflow for leases amounted to approximately HK\$13,062,000 during the six months ended 30 September 2019.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

### 12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

During the Period, approximately HK\$595,000 in respect of the gain from change in fair value of investment in life insurance was recognised as part of “other income, gains and losses” (six months ended 30 September 2018: HK\$590,000).

As at 30 September 2019 and 31 March 2019, the insurance premium was pledged to a bank to secure bank borrowing facility granted to the Group.

### 13. TRADE RECEIVABLES

The following is an aged analysis of trade receivables based on the invoice dates and net of loss allowance at the end of the reporting period:

	<b>30 September 2019 HK\$'000 (Unaudited)</b>	31 March 2019 HK\$'000 (Audited)
Within 30 days	<b>21,280</b>	9,739
31 days to 120 days	<b>573</b>	10,752
121 days to 1 year	<b>85</b>	217
More than 1 year	<b>–</b>	681
	<b>21,938</b>	21,389

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

The following is an analysis of the expected credit losses (“ECLs”) for trade receivables as at 30 September 2019:

	<b>ECL rate (%)</b>	<b>Gross carrying amount HK\$'000 (Unaudited)</b>	<b>ECLs HK\$'000 (Unaudited)</b>	<b>Net Carrying amount HK\$'000 (Unaudited)</b>
Not past due	0.07%	21,295	(15)	21,280
Less than 30 days past due	1.49%	581	(8)	573
31 days to 120 days past due	7.43%	92	(7)	85
		<u>21,968</u>	<u>(30)</u>	<u>21,938</u>

### 14. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	<b>30 September 2019 HK\$'000 (Unaudited)</b>	31 March 2019 HK\$'000 (Audited)
<b>Non-current</b>		
Rental and utilities deposits	<u>6,182</u>	<u>6,256</u>
<b>Current</b>		
Rental and utilities deposits	1,236	1,308
Prepayments	2,835	3,465
Other receivables	<u>554</u>	<u>1,060</u>
	<u>4,625</u>	<u>5,833</u>



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

### 15. TRADE AND BILLS PAYABLES

	<b>30 September 2019 HK\$'000 (Unaudited)</b>	31 March 2019 HK\$'000 (Audited)
Trade payables	<b>15,324</b>	14,294
Bills payables	<b>6,286</b>	15,306
	<b>21,610</b>	29,600

The following is an aged analysis of trade payables based on the invoice date at the end of the reporting period:

	<b>30 September 2019 HK\$'000 (Unaudited)</b>	31 March 2019 HK\$'000 (Audited)
Within 30 days	<b>9,140</b>	8,946
31 days to 120 days	<b>6,181</b>	4,978
121 days to 1 year	<b>2</b>	370
More than 1 year	<b>1</b>	–
	<b>15,324</b>	14,294

### 16. LOAN FROM/AMOUNT DUE TO A DIRECTOR

As at 30 September 2019, a loan from a Director was non-trade related, unsecured, bearing an interest rate of 4% per annum and repayable on 31 October 2021. As at 31 March 2019, the amount due to a Director was non-trade related, unsecured, interest-free and repayable on demand.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

### 17. BANK BORROWINGS

	<b>30 September 2019 HK\$'000 (Unaudited)</b>	31 March 2019 HK\$'000 (Audited)
Secured bank loans repayable within one year:		
Revolving loans	<b>46,677</b>	52,324
Bills of exchange	<b>12,694</b>	10,894
Term loans	<b>388</b>	974
Bank overdraft	<b>8,347</b>	5,368
	<b>68,106</b>	69,560

The Group's banking facilities and its interest-bearing bank borrowings are secured and guaranteed by:

- the charge over the deposits for HK\$15,000,000 or its equivalent in other foreign currencies as at 30 September and 31 March 2019;
- the investment in life insurance policy (note 12) with an insured sum of not less than US\$9,000,000 (equivalent to HK\$69,750,000) and the beneficiary for the account of the subsidiaries of the Company in favour of the bank as at 30 September and 31 March 2019;
- a building and land use rights owned by a subsidiary as at 30 September and 31 March 2019; and
- corporate guarantees from the Company and the subsidiaries of the Company as at 30 September and 31 March 2019.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

### 18. LEASE LIABILITIES

	30 September 2019 HK\$'000 (Unaudited)
Non-current	13,925
Current	14,909
<b>Maturity analysis</b>	
Not later than 1 year	14,909
Later than 1 year and not later than 5 years	13,925
	28,834

### 19. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Authorised ordinary shares of HK\$0.01 each:		
<b>As at 30 September 2019</b> and 31 March 2019	<b>2,000,000,000</b>	<b>20,000</b>
Issued and fully paid ordinary shares of HK\$0.01 each:		
<b>As at 30 September 2019 (unaudited)</b> and 31 March 2019 (audited)	<b>400,000,000</b>	<b>4,000</b>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

### 20. RELATED PARTY TRANSACTIONS (UNAUDITED)

During the Period, the Group entered into the following transactions with related parties:

(i) *Related party transactions*

	<b>Six months ended 30 September</b>	
	<b>2019 HK\$'000</b>	2018 HK\$'000
Interest of a Director's loan	<b>291</b>	–

(ii) *Compensation of key management personnel*

The emoluments of executive Directors who are also identified as members of key management of the Group during the Period were approximately HK\$3,031,000 (six months ended 30 September 2018: HK\$3,447,000).

### 21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the financial assets at FVTPL, cash and bank balances, trade and other receivables, deposits, trade and bills payables, accruals and other payables, loan from/amount due to a Director, bank borrowings, finance lease liabilities and lease liabilities approximate to their carrying amounts largely due to the short term maturities of these instruments.

The following table provides an analysis of financial instrument carried at fair value by level of the fair value hierarchy:

Level 1:	Fair value measured using only Level 1 inputs, i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;
Level 2:	Fair value measured based on valuation techniques using Level 2 inputs, i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs; or
Level 3:	Fair value measured based on valuation techniques using significant unobservable inputs (i.e. not derived from market data).

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

*Assets measured at fair value*

**As at 30 September 2019**

	Fair value measurement using			
	Quoted price in active markets (Level 1) HK\$'000 (Unaudited)	Significant observable inputs (Level 2) HK\$'000 (Unaudited)	Significant unobservable inputs (Level 3) HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Recurring fair value measurement for: Financial assets at FVTPL	–	30,247	–	30,247

As at 31 March 2019

	Fair value measurement using			
	Quoted price in active markets (Level 1) HK\$'000 (Audited)	Significant observable inputs (Level 2) HK\$'000 (Audited)	Significant unobservable inputs (Level 3) HK\$'000 (Audited)	Total HK\$'000 (Audited)
Recurring fair value measurement for: Financial assets at FVTPL	–	29,650	–	29,650

For the Period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.



## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group is principally engaged in the sale of baby and children garments under OEM and OBM basis. The unsettled Sino-US trade war and the Brexit arrangement have brought lots of uncertainties to our OEM customers in the US and the UK, which then were very reserved in placing their orders. The local retail market was also cage hooded by a downturning atmosphere due to the unpredictable political wrestling in Europe as well as in the US and the PRC.

### FINANCIAL REVIEW

#### *Revenue*

The Group's revenue decreased by approximately 10.3% to approximately HK\$97.6 million for the Period as compared to that of approximately HK\$108.8 million for the six months ended 30 September 2018 (the "**Corresponding Period**").

The revenue of OEM business decreased by approximately 15.3% to approximately HK\$68.0 million for the Period as compared to that of approximately HK\$80.3 million for the Corresponding Period. Such decrease was mainly due to the loss of one of the major customers for the Period. However, our sales team has been able to source new customers to diversify the customer base. The orders from these new customers are expected to be more stable in the coming periods.

The revenue of OBM business increased by approximately 3.7% to approximately HK\$29.6 million for the Period as compared to that of approximately HK\$28.5 million for the Corresponding Period. Such increase was mainly contributed by the newly opened shops in the PRC. The revenue from Hong Kong shops remained stable.

#### *Cost of sales, gross profit and gross profit margin*

The Group's cost of sales decreased by approximately 8.1% to approximately HK\$58.4 million for the Period as compared to that of approximately HK\$63.5 million for the Corresponding Period. The Group's gross profit decreased by approximately 13.6% to approximately HK\$39.2 million for the Period as compared to that of approximately HK\$45.3 million for the Corresponding Period, resulting from a decrease in the Group's revenue from OEM business. The Group's gross profit margin decreased from approximately 41.6% for the Corresponding Period to approximately 40.1% for the Period. Higher costs of raw materials and production overheads and more discount on the OBM products to attract more customers caused negative impact on the Group's gross profit margin.

# MANAGEMENT DISCUSSION AND ANALYSIS

## *Expenses*

The Group's selling and distribution costs decreased by approximately 9.8% to approximately HK\$15.4 million for the Period as compared to that of approximately HK\$17.1 million for the Corresponding Period. Such decrease was consequential to the decrease in the Group's revenue. The Group's administrative and other expenses decreased by approximately 13.2% to approximately HK\$32.6 million for the Period as compared to that of approximately HK\$37.5 million for the Corresponding Period. Such decrease was mainly due to the Group's control on operating costs in order to improve the Group's operating performance.

## *Loss before tax*

The Group's loss before tax increased by approximately 21.1% to approximately HK\$11.8 million for the Period as compared to that of approximately HK\$9.7 million for the Corresponding Period. Such increase was mainly due to a decrease in revenue from OEM business.

## **DIVIDEND**

The Board has resolved not to declare the payment of any dividend for the Period (2018: Nil).

## **OUTLOOK**

The operating environment for the Group is expected to remain difficult. For the OEM business, the sales team of the Group will further seek for new customers in Europe and the PRC in order to reduce the risk exposure to Sino-US trade war. The range of products manufactured may expand from baby clothing to children's and teenagers' wear so as to catch more sales in the future.

For the OBM business, the Group has opened 10 retail shops through the channels of Kidswant Children Products Company Limited\* (孩子王兒童用品股份有限公司) in the PRC since September 2018. The Group expects to open additional shops and set up the consignment in the coming periods so as to expand the market share in the PRC. Meanwhile, the Group will continue to place more resources to grow the e-business.

In view of the uncertain operating environment in Hong Kong, our management expects that the sales performance of retail business in Hong Kong will continue to be weak for the second half of this financial year. The Group will launch more promotion activities to boost up the sales and actively improve inventory management. Although the gross profit margin may be depressed somewhat reduce, this will enable the Group to reduce inventory costs, preserve cash and manage overall business risks.

\* *The English translation of the Chinese name is for identification purpose only and should not be regarded as the official translation of such Chinese name.*

## MANAGEMENT DISCUSSION AND ANALYSIS

### LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group's sources of funds were mainly cash generated from operations and a loan from a director for the Period. As at 30 September 2019, the Group had cash and bank balances of approximately HK\$4.5 million (31 March 2019: approximately HK\$7.5 million). As at 30 September 2019, the Group's interest-bearing bank borrowings amounted to approximately HK\$68.1 million (31 March 2019: approximately HK\$69.6 million) and had unutilised banking facility of approximately HK\$27.4 million (31 March 2019: approximately HK\$25.9 million). The Group's interest-bearing bank borrowings are secured, repayable within one year and denominated in Hong Kong Dollars and Renminbi, and bear interest from 4.4% to 5.4% per annum.

The current ratio was 1.0 as at 30 September 2019 (31 March 2019: 1.1) and the gearing ratio was approximately 225.8% as at 30 September 2019 (31 March 2019: approximately 130.2%). The significant increase in gearing ratio was mainly attributable to the lease liabilities initially recorded upon the adoption of the new accounting standards.

*Note:* Current ratio is calculated as the current assets divided by current liabilities. Gearing ratio is calculated as the total debt (including the bank borrowings, loan from/amount due to a Director, finance lease liabilities and lease liabilities) divided by total equity.

The Group did not use any financial instruments for hedging purposes during the Period (Corresponding Period: Nil).

As at 30 September 2019, the share capital and equity attributable to owners of the Company amounted to approximately HK\$4.0 million and HK\$51.8 million respectively (31 March 2019: HK\$4.0 million and HK\$65.0 million respectively).

### CAPITAL COMMITMENTS

The Group did not have any significant capital commitments as at 30 September 2019 (31 March 2019: Nil).

### CHARGE OVER ASSETS OF THE GROUP

As at 30 September 2019, a pledged bank deposit amounting to approximately HK\$15.0 million (31 March 2019: HK\$15.0 million), a building and land use rights with an aggregate carrying amount of approximately HK\$1.9 million (31 March 2019: approximately HK\$1.9 million) and the investment in life insurance policy with an insured sum of not less than US\$9.0 million (31 March 2019: not less than US\$9.0 million) were pledged to secure bank facilities granted to the subsidiaries of the Company.



## MANAGEMENT DISCUSSION AND ANALYSIS

### MATERIAL INVESTMENTS, ACQUISITIONS AND DISPOSALS, AND PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

There were no material acquisitions and disposals of subsidiaries, associates and joint ventures during the Period (Corresponding Period: Nil). There was no future plan for material investments or capital assets as at 30 September 2019 (31 March 2019: Nil).

### CONTINGENT LIABILITIES

As at 30 September 2019, the Group had no material contingent liabilities (31 March 2019: Nil).

### EVENT AFTER THE REPORTING PERIOD

Reference is made to the announcement of the Company dated 8 November 2019, Mr. Chin Wai Keung Richard will be appointed as an executive Director with effect from 9 November 2019.

### USE OF PROCEEDS FROM THE SHARE OFFER

The net proceeds from the share offer (as defined in the Company's prospectus dated 12 January 2018 (the "**Prospectus**")) (the "**Net Proceeds**") were approximately HK\$44.0 million. As at 30 September 2019, the Group had utilised approximately HK\$26.7 million of the Net Proceeds as follows:

Intended application of the Net Proceeds	Use of Net Proceeds per Prospectus until	Actual utilised during the Period	Actual utilised up to
	30 September 2019 HK\$ million	30 September 2019 HK\$ million	30 September 2019 HK\$ million
Upgrading our production facilities and enhancing the production capability through extensive application of radio-frequency identification technology	13.2	1.0	3.9
Enhancing our sales and marketing effort	10.0	1.8	9.8
Repayment of bank loan(s)	4.5	–	4.5
Working capital	3.5	–	3.5
Strengthening our research and development capabilities for the PRC market	5.0	1.7	5.0
Total	36.2	4.5	26.7



## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 September 2019, the Group had about 736 (31 March 2019: 892) employees working in Hong Kong and the PRC and total staff costs, including directors' emoluments, amounted to approximately HK\$39.8 million during the Period. As the guiding principles, the Group uses its best endeavours offer to the most competitive compensation to our employees based on factors, including their qualifications, experience, responsibilities and performance, and treats all of our staff equally and fairly. The Group provides a safe and equal-working environment.

Our employees are compensated with a fair and equitable manner, and the opportunity to grow and excel with the Group through continuous learning at all levels. Our employees are entitled to mandatory provident fund scheme, medical insurance and statutory holidays. The Group rewards employees with competitive remuneration, including salaries, allowance and performance bonus. Furthermore, the Company has adopted a share option scheme to reward the eligible participants for their contribution to the Group. The Group also provides internal training to our staff to enhance their technical and product knowledge.

### **SHARE OPTION SCHEME**

As no share option has been granted since the adoption of the share option scheme of the Company, there was no share option outstanding as at 30 September 2019 and no share option was exercised or cancelled or lapsed during the Period.

## 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 September 2019, 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 to be (a) 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, recorded in the register referred to therein; or (c) notified to the Company and the Stock Exchange, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

#### LONG POSITION IN THE SHARES

Name of Director	Capacity	Nature of interests	Number of Shares interested	Approximate Percentage of issued Shares*
Ms. Luk Sau Kuen ("Ms. Luk")	Executrix	Other interest	300,000,000 <i>(Note)</i>	75%

*Note:* These Shares are held by Joyful Cat. Joyful Cat was legally and beneficially owned as to 100% by the late Ms. Fung Sau Ying ("Ms. Fung") before her death. Ms. Luk has been appointed as the executrix of the estate of the late Ms. Fung in respect of the shares of Joyful Cat in the BVI under the Grant of Probate issued by the High Court of Justice of the BVI.

\* The percentage represents the total number of the Shares interested divided by the number of issued Shares as at 30 September 2019 (i.e. 400,000,000 Shares).

Save as disclosed above, as at 30 September 2019, none of the Directors nor the chief executive of the Company had any interests and short positions in the shares, 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 to be (a) 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, recorded in the register referred to therein; or (c) notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 30 September 2019, so far as is known to the Directors, the following entity or person 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

Name of shareholders of the Company (the "Shareholders")	Capacity	Nature of interest	Number of Shares held or interested	Approximate Percentage of the Company's issued Shares*
Joyful Cat <i>(Note)</i>	Beneficial owner	Personal interests	300,000,000	75%
Ms. Fung <i>(Note)</i>	Interest of a controlled corporation	Corporate interests	300,000,000	75%

*Note:* Joyful Cat is the direct Shareholder and was legally and beneficially owned as to 100% by the late Ms. Fung before her death. Ms. Luk has been appointed as the executrix of the estate of the late Ms. Fung in respect of the shares of Joyful Cat in the BVI under the Grant of Probate issued by the High Court of Justice of the BVI.

\* The percentage represents the total number of the Shares held or interested divided by the number of issued Shares as at 30 September 2019 (i.e. 400,000,000 Shares).

Save as disclosed above, as at 30 September 2019, 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.

#### CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles of and complied with the applicable code provisions of the Corporate Governance Code as contained in Appendix 15 to the GEM Listing Rules (the "CG Code") during the Period. The Company periodically reviews its corporate governance practices to ensure that it continues to meet the requirements of the CG Code. To the best knowledge of the Board, the Company had complied with the code provisions in the CG Code during the Period.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### 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**”). Following specific enquiries made by the Company on all the Directors, each of them has confirmed 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.

### COMPETING INTERESTS OF DIRECTORS, CONTROLLING SHAREHOLDER AND THEIR RESPECTIVE CLOSE ASSOCIATES

None of the Directors or the controlling Shareholder(s) or their respective close associates (as defined in the GEM Listing Rules) had interests in any business apart from the Group’s businesses which competed or was likely to compete, either directly or indirectly, with the businesses of the Group and any other conflicts of interest which any such person had or might have with the Group during the Period and up to the date of this report.

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

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

### INTERESTS OF COMPLIANCE ADVISER

As confirmed by the Company’s compliance adviser Alliance Capital Partners Limited (the “**Compliance Adviser**”), for the Period and up to the date of this report, save for the Compliance Adviser’s agreement dated 12 July 2017 and entered into between the Company and the Compliance Adviser concerning the fees payable by the Company to the Compliance Adviser for acting in such capacity, neither the Compliance Adviser nor any of its directors, employees or close associates (as defined in the GEM Listing Rules) had any interests in relation to the Company or any member of the Group (including interests in the securities of the Company or any member of the Group, and 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.

### CHANGES IN DIRECTORS’ INFORMATION

Subsequent to the date of the Company’s Annual Report 2018/19, the change in the Directors’ information as required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules is set out below:

- Mr. Cho Chi Kong was appointed as the chairman of the nomination committee of the Company on 9 August 2019.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### REVIEW OF FINANCIAL STATEMENTS

The Company established the audit committee of the Board (the “**Audit Committee**”) on 26 January 2018 with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and code provision C.3.3 of the CG Code. The primary duties of the Audit Committee are to make recommendations to the Board on the appointment, re-appointment and removal of external auditor, 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 currently comprises three independent non-executive Directors (the “**INEDs**”), namely Mr. Tan Yik Chung Wilson (“**Mr. Tan**”), Mr. Choi Wing San Wilson and Mr. Cho Chi Kong. Mr. Tan is the chairman of the Audit Committee. The Audit Committee has reviewed this report, including the unaudited condensed consolidated results of the Group for the Period and discussed with the management of the Company the accounting principles and practices adopted by the Group as well as internal controls and other financial reporting matters. The Audit Committee is of the opinion that the preparation of such results have complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

By order of the Board  
**Mansion International Holdings Limited**  
**Luk Sau Kuen**  
*Chairlady and Executive Director*

Hong Kong, 8 November 2019

*As at the date of this report, the executive Directors are Ms. Luk Sau Kuen (chairlady), Mr. Cheung Desmond Lap Wai (acting chief executive officer and chief operating officer) and Ms. Ho Lai Ying; and the INEDs are Mr. Cho Chi Kong, Mr. Choi Wing San Wilson and Mr. Tan Yik Chung Wilson.*

*This report will remain on the “Latest Listed Company Information” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its publication. This report will also be published and will remain on the Company’s website at [www.mansionintl.com](http://www.mansionintl.com).*