



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 **2020/21**

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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 of Mansion International Holdings Limited (the “Company” and the “Director(s)”, respectively) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (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

Mr. Cheung Desmond Lap Wai
(*Chairman and Acting Chief Executive Officer*)
Mr. Kwan Kar Man

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

Mr. Kwan Kar Man

AUTHORISED REPRESENTATIVES

Mr. Cheung Desmond Lap Wai
Mr. Kwan Kar Man

INDEPENDENT AUDITOR

Jonten Hopkins CPA Limited

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Boardroom Share Registrars (HK) Limited
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148 Electric Road,
North Point,
Hong Kong

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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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

STOCK CODE

8456

INTERIM RESULTS

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 2020 (the "**Period**"), together with the comparative figures for the corresponding period in 2019, as follows:

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

For the six months ended 30 September 2020

	Notes	Six months ended 30 September	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue	4	44,347	97,586
Cost of sales		(37,163)	(58,418)
Gross profit		7,184	39,168
Other income, gains and losses	5	3,105	684
Selling and distribution costs		(10,001)	(15,443)
Administrative and other expenses		(18,015)	(32,600)
Finance costs	6	(1,493)	(3,580)
Loss before tax		(19,220)	(11,771)
Income tax expense	7	(13)	(119)
Loss for the period		(19,233)	(11,890)
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		1,099	(1,294)
Total comprehensive expense attributable to owners of the Company		(18,134)	(13,184)
Loss per share:			
Basic and diluted (HK cents)	9	(4.17)	(2.97)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

	Notes	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	10	2,474	7,099
Right-of-use assets	11	4,953	11,213
Deposits	14	1,490	3,152
Club debentures		820	820
		9,737	22,284
Current assets			
Inventories		49,588	56,626
Financial assets at fair value through profit or loss	12	–	30,755
Trade receivables	13	10,487	10,648
Deposits, prepayments and other receivables	14	7,386	6,296
Tax recoverable		385	–
Pledged bank deposit		2,001	15,000
Cash and bank balances		4,190	4,494
		74,037	123,819
Non-current asset held for sale	23	767	–
Current liabilities			
Trade and bills payables	15	12,093	12,432
Contract liabilities		377	97
Accruals and other payables	16	34,201	13,007
Other borrowings	17	25,988	4,783
Bank borrowings	18	1,996	59,851
Tax payables		604	200
Lease liabilities	19	9,632	15,928
		84,891	106,298
Net current (liabilities) assets		(10,087)	17,521
Total assets less current liabilities		(350)	39,805

	<i>Notes</i>	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Non-current liabilities			
Provision for long service payments		214	554
Loan from a director		–	19,767
Lease liabilities	19	7,789	9,703
		8,003	30,024
Net (liabilities) assets			
		(8,353)	9,781
Equity			
Equity attributable to owners of the Company			
Share capital	20	4,615	4,615
Reserves		(12,968)	5,166
(Capital deficiency) Total equity			
		(8,353)	9,781

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2020

	Attributable to owners of the Company							Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Statutory reserve HK\$'000	Other reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	
As at 1 April 2019 (Audited)	4,000	57,015	5,987	288	8	1,608	(3,926)	64,980
Loss for the year	-	-	-	-	-	-	(60,348)	(60,348)
Other comprehensive expense:								
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	(582)	-	(582)
Total comprehensive expense for the year	-	-	-	-	-	(582)	(60,348)	(60,930)
Proceeds from placing of new shares	615	5,225	-	-	-	-	-	5,840
Issuing expenses of placing of new shares	-	(109)	-	-	-	-	-	(109)
As at 31 March 2020 and 1 April 2020 (Audited)	4,615	62,131	5,987	288	8	1,026	(64,274)	9,781
Loss for the period	-	-	-	-	-	-	(19,233)	(19,233)
Other comprehensive income:								
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	1,099	-	1,099
Total comprehensive income (expense) for the period	-	-	-	-	-	1,099	(19,233)	(18,134)
As at 30 September 2020 (Unaudited)	4,615	62,131	5,987	288	8	2,125	(83,507)	(8,353)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2020

	Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Net cash from operating activities	6,041	5,247
Investing activities		
Interest received	4	63
Proceeds from disposal of property, plant and equipment	4,150	100
Decrease in pledged bank deposit	12,999	–
Redeemed financial assets at fair value through profit or loss	30,770	–
Deposit received related to disposal of property, plant and equipment	11,934	–
Purchases of property, plant and equipment	–	(850)
Net cash from (used in) investing activities	59,857	(687)
Financing activities		
Advances from a director	–	5,000
Interest paid	(899)	(3,580)
Repayment of bank and other borrowings	(57,855)	(66,919)
Proceeds from bank and other borrowings	1,264	66,111
Repayment of obligations under finance leases	–	(46)
Repayment of lease liabilities	(8,627)	(7,177)
Net cash used in financing activities	(66,117)	(6,611)
Net decrease in cash and cash equivalents	(219)	(2,051)
Cash and cash equivalents at the beginning of the period	4,494	7,452
Effect of exchange rate changes on cash and cash equivalents	(85)	(930)
Cash and cash equivalents at the end of the period	4,190	4,471

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 5th Floor, 822 Lai Chi Kok Road, Kowloon, Hong Kong.

The Company is an investment holding company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in the sale of baby and children garments by Original Equipment Manufacturing (“**OEM**”) and Original Brand Manufacturing (“**OBM**”).

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 2020 (the “**Annual Financial Statements 2019/20**”).

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\$19,233,000 and the net current liabilities and the capital deficiency as at 30 September 2020 amounted to approximately HK\$10,087,000 and HK\$8,353,000 respectively.

On 16 October 2020, the Group has completed the placing of 460,000,000 ordinary shares of the Company and the net proceed of the placing amounted to approximately HK\$35,200,000 (the "**Placing of Shares 2020**").

The Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of finance and the Placing of Shares 2020 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 2019/20, 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 2019/20, except for as described below. In the current interim period, the Group has applied the Amendment to References to the Conceptual Framework in HKFRSs and the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatory effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group's interim condensed consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>
Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>

These amendments had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these interim condensed consolidated financial statements.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

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 2019/20.

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.

Segment revenue and results

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

Six months ended 30 September 2020	OEM HK\$'000	OBM HK\$'000	Total HK\$'000
REVENUE, recognised at a point in time			
External sales	<u>26,101</u>	<u>18,246</u>	<u>44,347</u>
RESULTS			
Segment results	<u>(9,176)</u>	<u>(2,196)</u>	<u>(11,372)</u>
Bank interest income			4
Change in fair value of financial assets at FVTPL			15
Directors' remuneration			(879)
Finance costs			(1,492)
Unallocated expenses			<u>(5,509)</u>
Loss before tax			<u>(19,233)</u>
Six months ended 30 September 2019			
	OEM HK\$'000	OBM HK\$'000	Total HK\$'000
REVENUE, recognised at a point in time			
External sales	<u>68,021</u>	<u>29,565</u>	<u>97,586</u>
RESULTS			
Segment results	<u>7,703</u>	<u>(673)</u>	7,030
Bank interest income			63
Change in fair value of financial assets at FVTPL			595
Directors' remuneration			(3,308)
Finance costs			(3,580)
Unallocated expenses			<u>(12,571)</u>
Loss before tax			<u>(11,771)</u>

Geographical information

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

	Six months ended 30 September	
	2020 HK\$'000	2019 HK\$'000
UK	25,857	45,302
Hong Kong	17,111	31,814
US	–	16,714
PRC, Macau and Taiwan	1,379	3,528
Others	–	228
	44,347	97,586

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

	30 September 2020 HK\$'000	31 March 2020 HK\$'000
	Hong Kong	8,200
PRC	1,537	6,304
	9,737	22,284

Information about major customers

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

	Six months ended 30 September	
	2020 HK\$'000	2019 HK\$'000
Customer A	566	25,906
Customer B	–	14,683
Customer C	8,602	10,183
Customer D	5,287	313

Customers A, C and D are located in the UK and Customer B is located in the US. No OBM customer has contributed more than 10% of the Group's revenue.

5. OTHER INCOME, GAINS AND LOSSES (UNAUDITED)

	Six months ended 30 September	
	2020 HK\$'000	2019 HK\$'000
Bank interest income	4	63
Change in fair value of financial assets at FVTPL	15	595
Reversal of expected credit loss on trade receivables	–	949
Sundry income and expenses, net	252	(923)
Government subsidies	2,830	–
Gain on disposal of property, plant and equipment	4	–
	3,105	684

6. FINANCE COSTS (UNAUDITED)

	Six months ended 30 September	
	2020 HK\$'000	2019 HK\$'000
Interest on bank borrowings	642	2,032
Interest on other borrowings	433	291
Interest on finance lease	–	1
Interest on lease liabilities	417	1,256
	1,492	3,580

7. INCOME TAX EXPENSE (UNAUDITED)

	Six months ended 30 September	
	2020 HK\$'000	2019 HK\$'000
Current – PRC Enterprise Income Tax (“EIT”) – tax for the Period	(13)	(104)
	(13)	(104)
Deferred tax – charge for the Period	–	(15)
Income tax expense	(13)	(119)

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%.

8. DIVIDEND

The Board has resolved not to declare the payment of any dividend for the Period (2019: Nil).

9. LOSS PER SHARE (UNAUDITED)

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

	Six months ended 30 September	
	2020	2019
Loss		
Loss attributable to owners of the Company for the purposes of basic and diluted loss per share (HK\$'000)	(19,233)	(11,890)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share ('000)	461,476	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 2020 and 2019.

10. PROPERTY, PLANT AND EQUIPMENT

During the Period, certain property, plant and equipment at net book value of approximately HK\$4,146,000 were disposed of (six months ended 30 September 2019: HK\$ Nil). Also, depreciation of approximately HK\$662,000 was charged during the period.

11. RIGHT-OF-USE ASSETS

	Warehouses and retail stores	Other leases	Land use right	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Note (i))	(Note (ii))	(Note (iii))	
As at 1 April 2019	29,638	–	868	30,506
Additions	6,712	7,530	–	14,242
Modification to lease terms (note (iv))	(1,824)	–	–	(1,824)
Depreciation	(16,605)	(1,670)	(30)	(18,305)
Impairment losses	(7,498)	(5,858)	–	(13,356)
Exchange realignment	–	–	(50)	(50)
As at 31 March 2020 and 1 April 2020 (Audited)	10,423	2	788	11,213
Reclassified to non-current assets held for sale	–	–	(767)	(767)
Depreciation	(5,470)	(2)	(19)	(5,491)
Exchange realignment	–	–	(2)	(2)
As at 30 September 2020 (Unaudited)	4,953	–	–	4,953

Notes:

- (i) The Group has obtained the right to use other properties as warehouses and retail stores through tenancy agreements. The leases typically run for an initial period of two to three years. Lease payments are usually increased every year to reflect market rentals.

During the year ended 31 March 2020 and period ended 30 September 2020, the Group leased a number of retail stores which contain variable lease payment terms that are based on sales generated from the retail stores and minimum annual lease payment terms that are fixed. These payment terms are common in retail stores in Hong Kong where the Group operates. During the year ended 31 March 2020 and period ended 30 September 2020, none of the variable lease payment was recognised as the variable lease payment terms were not fulfilled.

Some leases include an option to renew the lease when all terms are renegotiated.

- (ii) The Group leases some premises for the accommodation of some employees under leases expiring from two to five years with fixed lease payment terms. Leases include an option to renew the lease when all terms are renegotiated. None of the leases include variable lease payments.

- (iii) The Group holds land use rights in the PRC. The right of use of the leasehold lands in the PRC are subject to the expiry in 2046. The Group is the registered owner of these property interests, including the whole or part of undivided share in the underlying land. Lump sum payments were made upfront to acquire these property interests from their previous registered owners, and there are no ongoing payments to be made under the terms of the land lease, other than payments based on rateable values set by the relevant government authorities. These payments vary from time to time and are payable to the relevant government authorities.

As at 31 March 2020, all land use rights are located in the PRC and were pledged to bank for banking facilities granted to the Group (note 18).

- (iv) During the year ended 31 March 2020, some landlords agreed to grant temporary reliefs for a short period of few months or modified the lease payment terms. The rent concessions are accounted as lease modifications of existing contracts upon application of HKFRS 16.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

In 2018, the Group entered into a life insurance policy with an insurance company to insure a Director. Under this policy, the beneficiary and policy holder are a subsidiary of the Company. The subsidiary has paid the total insurance premium with an aggregate amount of US\$4,140,000 (equivalent to approximately HK\$32,168,000) at the inception of the insurance. The subsidiary can terminate the policy at any time and receive back the money based on the surrender value of the contract at the date of withdrawal, which is determined by the insurance premium of the insurance policy plus the accumulated interest earned and minus the insurance costs ("Surrender Value"). In addition, if the withdrawal is made between the first and fourteenth policy years, there is a special amount of surrender charge by the insurance company. The insurance company will declare a guaranteed fixed interest of 3.9% per annum plus a premium determined by the insurance company on the outstanding Surrender Value of the contract of the first five years. Commencing from the sixth year, the guaranteed interest will be reduced to 2.25% per annum.

During the period ended 30 September 2020, the Group has redeemed the insurance policy. Accordingly, the insurance policy has been derecognised. The amounts of HK\$15,000 (2019: 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".

The Directors consider that the carrying amount of the investment in the life insurance policy approximates its fair value.

As at 31 March 2020, the insurance policy was pledged to a bank to secure bank borrowing facility granted to the Group (note 18).

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:

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Within 30 days	3,821	6,482
31 days to 120 days	3,402	4,164
121 days to 1 year	3,264	2
	10,487	10,648

14. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Non-current		
Rental and utilities deposits	1,490	3,152
Current		
Rental, utilities and other deposits	5,901	4,456
Prepayments	704	634
Other receivables	781	1,206
	7,386	6,296

15. TRADE AND BILLS PAYABLES

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Trade payables	12,093	11,919
Bills payables	–	513
	12,093	12,432

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

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Within 30 days	3,848	2,752
31 days to 1 year	8,245	9,166
More than 1 year	–	1
	12,093	11,919

16. ACCRUALS AND OTHER PAYABLES

	As at 31 March	
	2020 HK\$'000	2019 HK\$'000
Deposit received from acquirer	11,934	–
Other payables and accrued expenses (<i>note</i>)	22,267	13,007
	34,201	13,007

Note: The amounts mainly represented accrued staff costs and commission.

17. OTHER BORROWINGS

As at 30 September 2020, the unsecured other borrowings of HK\$26,720,000 (31 March 2020: HK\$4,783,000) is unsecured, carried interest ranging from 0% – 5% (31 March 2020: 0% – 5%) and are repayable on demand or matured with one year.

18. BANK BORROWINGS

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Secured bank loans repayable within one year:		
Revolving loans	–	49,822
Bills of exchange	–	1,574
Bank overdraft	1,996	8,455
	1,996	59,851

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

- the charge over the deposits for HK\$2,001,000 (31 March 2020: HK\$15,000,000) or its equivalent in other foreign currencies as at 30 September 2020;
- 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) (30 September 2020: nil) and the beneficiary for the account of the subsidiaries of the Company in favour of the bank as at 31 March 2020;
- a building and land use rights owned by a subsidiary as at 31 March 2020; and
- corporate guarantees from the Company and the subsidiaries of the Company as at 31 March 2020.

19. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the reporting period:

As at 30 September 2020	Minimum lease payments HK\$'000	Interest HK\$'000	Present value HK\$'000
Not later than one year	10,190	558	9,632
Later than one year and not later than two years	5,058	263	4,795
Later than two years and not later than five years	3,149	155	2,994
	18,397	976	17,421

As at 31 March 2020	Minimum lease payments HK\$'000	Interest HK\$'000	Present value HK\$'000
Not later than one year	16,768	840	15,928
Later than one year and not later than two years	6,889	320	6,569
Later than two years and not later than five years	3,284	150	3,134
	26,941	1,310	25,631

The present value of future lease payments is analysed as:

	As at 30 September 2020 HK\$'000	As at 31 March 2020 HK\$'000
Current liabilities	9,632	15,928
Non-current liabilities	7,789	9,703
	17,421	25,631

20. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Authorised ordinary shares of HK\$0.01 each:		
As at 1 April 2019, 1 April 2020 and 30 September 2020	2,000,000,000	20,000
Issued and fully paid ordinary shares of HK\$0.01 each:		
As at 1 April 2019 and 1 April 2020	400,000,000	4,000
Placing of new shares (<i>note</i>)	61,476,000	615
As at 30 September 2020 (Unaudited)	461,476,000	4,615

Note: On 23 January 2020, the Company issued 61,476,000 new shares at a price of HK\$0.095 per share by way of placement to not less than six individuals, who and whose ultimate beneficial owners are independent third parties. The net proceeds from the placing of new shares amounted to approximately HK\$5,731,000.

21. RELATED PARTY TRANSACTIONS (UNAUDITED)

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

(i) *Related party transactions*

	Six months ended 30 September	
	2020 HK\$'000	2019 HK\$'000
Interest of a Director's loan	65	291

(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\$875,000 (six months ended 30 September 2019: HK\$3,031,000).

22. 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).

Assets measured at fair value

As at 30 September 2020, there is no financial assets and financial liabilities measured at fair value.

As at 31 March 2020

	Fair value measurement using			Total HK\$'000 (Audited)
	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)	
Recurring fair value measurement for: Financial assets at FVTPL	–	30,755	–	30,755

The fair value of the instrument in a life insurance policy is determined by the insurance company with reference to the Surrender value.

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.

23. NON-CURRENT ASSETS HELD FOR SALE

On 29 May 2020, Mei Li Hua Children Garment Company Limited (“**MLH**”), a wholly-owned subsidiary of the Company, entered into the sale and purchase agreement with Zhongshan Anpin Electrical Appliance Company Limited (the “**Transferee**”). The Group proposed to reorganise its assets and set up a wholly-owned subsidiary (the “**Target Company**”), and transfer its factory and land to the Target Company. MLH has conditionally agreed to sell the entire equity interests in the Target Company to the Transferee by two tranches (the “**Disposal**”).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in the sale of baby and children garments by OEM and OBM. Since the beginning of 2020, the threat of the COVID-19 seriously disrupted a wide range of local economic activities and supply chains in the Asian region. The epidemic even evolved into a pandemic during the six months ended 30 September 2020, sending a severe shock to the global economy.

For our OEM business, the Group exports its OEM goods to overseas mainly the United Kingdom (the "UK") and the United States of America (the "US"). The OEM revenue decline significantly in the Period caused by the threat of the COVID-19.

For our OBM business, the Group sells its OBM goods through the self-operated retail stores and department store counters in Hong Kong and the PRC. During the Period, due to the threat of the COVID-19, OBM revenue in Hong Kong and the PRC have declined significantly.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately 54.6% to approximately HK\$44,347,000 for the Period as compared to that of approximately HK\$97,586,000 for the six months ended 30 September 2019 (the "Corresponding Period").

The revenue of OEM business decreased by approximately 61.6% to approximately HK\$26,101,000 for the Period as compared to that of approximately HK\$68,021,000 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 decreased by approximately 38.3% to approximately HK\$18,246,000 for the Period as compared to that of approximately HK\$29,565,000 for the Corresponding Period. Such decrease was mainly due to the threat of the COVID-19.

Cost of sales, gross profit and gross profit margin

The Group's cost of sales decreased by approximately 36.4% to approximately HK\$37,163,000 for the Period as compared to that of approximately HK\$58,418,000 for the Corresponding Period. The Group's gross profit decreased by approximately 81.7% to approximately HK\$7,184,000 for the Period as compared to that of approximately HK\$39,168,000 for the Corresponding Period, mainly resulting from a decrease in the Group's revenue from OEM business. The Group's gross profit margin decreased from approximately 40% for the Corresponding Period to approximately 16% for the Period.

Due to the revenue decreased significantly during the Period and the Group cannot fully utilised the production capacity, the gross profit margin decreased significantly.

Expenses

The Group's selling and distribution costs decreased by approximately 35.2% to approximately HK\$10,001,000 for the Period as compared to that of approximately HK\$15,443,000 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 44.7% to approximately HK\$18,015,000 for the Period as compared to that of approximately HK\$32,600,000 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 63.3% to approximately HK\$19,220,000 for the Period as compared to that of approximately HK\$11,771,000 for the Corresponding Period. Such increase was mainly due to a decrease in revenue.

DIVIDEND

The Board has resolved not to declare the payment of any dividend for the Period (2019: Nil).

OUTLOOK

OEM exports to the US and the UK are expected to continue to decline in the next financial quarter as the COVID-19 situation remains serious in these markets. The global economy will remain sluggish until the COVID-19 pandemic is well contained. Besides, persistently tense economic, trade and political relations between the PRC and the US, geopolitical tensions, and global financial market volatility continue to warrant attention. OEM performance is thus expected to remain under pressure in the next financial year.

OBM sales continued to drop during the period ended 30 September 2020, as the COVID-19 pandemic and resulting anti-pandemic measures brought inbound tourism to a standstill and seriously disrupted consumption-related activities. The business environment for OBM will remain very difficult in the near term amid the deep economic recession.

The potential impact of the COVID-19 on the global economy is tremendous but still uncertain. Concerns about the impact from the COVID-19 heighten and these weigh on the corporate earnings and the global economic outlook. The negative effect resulting from the COVID-19 is largely dependent on the situation and duration of the pandemic development. Future adverse changes in economic conditions would negatively affect the Group's financial position and performance. The Group will continue to monitor the development and the volatile market conditions.

In the current abnormal business conditions, the Group is conscious about the importance of liquidity of the Group's on-going operations. Managing cash flow is very critical during a period of crisis. The Group is considering actions to reduce inventories with a view to maintaining more cash and will increase the outsource of its production procedures to different sub-contractors in order to minimize the fixed costs incurred by our factory.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group's sources of funds were mainly cash generated from operations for the Period. As at 30 September 2020, the Group had cash and bank balances of approximately HK\$4,190,000 (31 March 2020: approximately HK\$4,494,000). As at 30 September 2020, the Group's interest-bearing bank borrowings amounted to approximately HK\$1,996,000 (31 March 2020: approximately HK\$59,851,000). 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 3.95% to 5.4% per annum.

The current ratio was 0.88 as at 30 September 2020 (31 March 2020: 1.16) and the gearing ratio (defined as the sum of interest-bearing bank loans and other borrowings divided by capital deficiency/shareholders' equity as at the end of Period/year and then multiplied by 100%) for the period ended 30 September 2020 was -335% (31 March 2020: 863%).

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

As at 30 September 2020, the share capital and capital deficiency amounted to approximately HK\$4,615,000 and HK\$8,353,000 respectively, (31 March 2020: share capital of HK\$4,615,000 and equity attributable to owners of the Company of approximately HK\$9,781,000).

CAPITAL COMMITMENTS

The Group did not have any significant capital commitments as at 30 September 2020 (31 March 2020: Nil).

CHARGE OVER ASSETS OF THE GROUP

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

- the charge over the deposits for HK\$2,001,000 (31 March 2020: HK\$15,000,000) or its equivalent in other foreign currencies as at 30 September 2020;
- 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) (30 September 2020: nil) and the beneficiary for the account of the subsidiaries of the Company in favour of the bank as at 31 March 2020;
- a building and land use rights owned by a subsidiary as at 31 March 2020; and
- corporate guarantees from the Company and the subsidiaries of the Company as at 31 March 2020.

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

On 29 May 2020, Mei Li Hua Children Garment Company Limited ("**MLH**"), a wholly-owned subsidiary of the Company, entered into the sale and purchase agreement with Zhongshan Anpin Electrical Appliance Company Limited (the "**Transferee**"). The Group proposed to reorganise its assets and set up a wholly-owned subsidiary (the "**Target Company**"), and transfer its factory and land to the Target Company. MLH has conditionally agreed to sell the entire equity interests in the Target Company to the Transferee by two tranches (the "**Disposal**"). The transferor shall firstly sell 5% equity interests in the Target Company for the first consideration of RMB550,000 (equivalent to HK\$596,695), and the transferor shall then sell 95% equity interests in the Target Company for the second consideration of RMB10,450,000 (equivalent to HK\$11,337,205) after the first completion. The aggregation of the first consideration and the second consideration of RMB11,000,000 (equivalent to HK\$11,933,900) shall be settled by cash after deducting the earnest money. Details of the Disposal were disclosed in the Company's announcements dated 15 May 2020, 29 May 2020 and 11 June 2020. Save as disclosed as above, there were no material acquisitions and disposals of subsidiaries, associates and joint ventures during the Period. There was no future plan for material investments or capital assets as at 30 September 2020 (31 March 2020: Nil).

CONTINGENT LIABILITIES

As at 30 September 2020, the Group had no material contingent liabilities (31 March 2020: Nil).

EVENT AFTER REPORTING PERIOD

On 7 August 2020, the Company and CNI Securities Group Limited (the "**Placing Agent**") entered into the placing agreement in relation to placing of up to 460,000,000 placing shares at a price of HK\$0.08 per placing share under specific mandate (the "**Placing**"). As disclosed in the annual report of the Group for the year ended 31 March 2020, the operations of the Group in respect of the OEM business has been deteriorating over the past few years due to various unexpected events, including the withdrawal of the United Kingdom from the European Union (aka Brexit), the closure of a major customer of the Group in US in 2018 and US-China trade war that emerged in 2018. Since January 2020, the COVID-19 pandemic has further hit the operations of the Group's OEM business unexpectedly and significantly affected the OBM business of the Group and it is expected that the impact will continue this year. In light of the above, the Directors are of the view that it is necessary for the Company to conduct fund raising activity to improve its financial and liquidity position and provide further working capital for the Group.

The placing agreement had been fulfilled and the completion of the Placing took place on 16 October 2020. An aggregate of 460,000,000 placing shares, representing approximately 49.92% of the issued share capital of the Company as enlarged by the allotment and issue of the 460,000,000 placing shares immediately after the Completion, were allotted and issued to not less than six placees, which were other public shareholders, at the placing price of HK\$0.08 per placing share in accordance with the terms and conditions of the placing agreement. As at the date of the placing agreement, the closing price of the share of the Company quoted on the Stock Exchange was HK\$0.107. The net placing price, after deducting placing commission and other expenses, was approximately HK\$0.077 per placing share. None of the placees has become a substantial shareholder of the Company forthwith upon the Completion.

The gross proceeds from the Placing amounted to HK\$36,800,000, and the net proceeds from the Placing, after deducting the placing commission and other expenses incurred from the Placing, amount to approximately HK\$35,200,000. Such net proceeds are intended to be used as to (i) approximately HK\$17,000,000 will be used for general working capital of the Group, among which approximately HK\$10 million for rental expenses and utilities and approximately HK\$7 million for staff cost; and (ii) approximately HK\$18,200,000 will be used for repayment of outstanding liabilities of the Group, among which approximately HK\$10.2 million for trade payables and approximately HK\$8 million for overhead expenses.

Details of the Placing were disclosed in the Company's announcements dated 7 August 2020 and 16 October 2020 and the Company's circular dated 28 August 2020.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2020, the Group had about 502 (31 March 2020: 674) employees working in Hong Kong and the PRC and total staff costs, including directors' emoluments, amounted to approximately HK\$22,840,000 (2019: HK\$39,800,000) 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 2020 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 2020, 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 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.

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

As at 30 September 2020, the Company had not been notified by any persons who had interests or short positions in the shares or underlying shares of the Company which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV 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 and up to the date hereof, save for the deviations from code provisions A.2.1 and A.6.7 of the CG Code as disclosed below. The Company periodically reviews its corporate governance practices to ensure that it continues to meet the requirements of the CG Code.

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Cheung, the acting chief executive officer (“**CEO**”), was appointed as the Chairman on 21 May 2020. He is mainly responsible for overseeing the financial and accounting, human resources and administrative matters as well as the OBM business of the Group. In view of Mr. Cheung’s aforesaid responsibilities and extensive experience and working knowledge in the Group since October 2008, the Board believed that it was in the best interest of the Group to have Mr. Cheung taking up both roles for effective management and business development. The Board considered that the balance of power and authority, accountability and independent decision-making under the above arrangement would not be impaired because of the diverse background and experience of the independent non-executive Directors. Further, the audit committee of the Company (the “**Audit Committee**”) consisted of three independent non-executive Directors, and all of the independent non-executive Directors have free and direct access to the Company’s external auditors and independent professional advisers when they consider necessary.

In order to maintain good corporate governance and to fully comply with code provision A.2.1 of the CG Code, the Board will regularly review the need to appoint different individuals to perform the roles of chairperson and CEO separately and to make appropriate changes if considered necessary.

Code provision A.6.7 of the CG Code stipulates that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Some individual Directors were unable to attend the annual general meeting of the Company held on 30 July 2020 or the extraordinary general meeting held on 14 September 2020 due to other business engagements. This constitutes a deviation from code provision A.6.7 of the CG Code.

The company secretary of the Company had reminded the Directors to attend general meetings in future in order to establish effective communications with shareholders of the Company.

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.

CHANGES IN DIRECTORS' INFORMATION

Subsequent to the date of the Company's Annual Report 2019/20, 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. Kwan Kar Man was appointed as the company secretary and one of the authorised representatives of the Company under Rule 5.24 of the GEM Listing Rules with effect from 24 July 2020; and
- Mr. Cho Chi Kong ceased to be the Professor of Practice (Law) at The Hong Kong Polytechnic University's School of Accounting and Finance with effect from 1 July 2020.

CHANGE OF AUDITOR

Following the retirement of BDO Limited as the auditor of the Company on 30 July 2020, with the recommendation from the Audit Committee, Jonten Hopkins CPA Limited has been appointed as the new auditor of the Company with effect from 30 September 2020 to fill the vacancy following the retirement and to hold office until the conclusion of the next annual general meeting of the Company.

REVIEW OF FINANCIAL STATEMENTS

The Company established 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, 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
Cheung Desmond Lap Wai
*Chairman, Executive Director and
Acting Chief Executive Officer*

Hong Kong, 12 November 2020

As at the date of this report, the executive Directors are Mr. Cheung Desmond Lap Wai (chairman and acting chief executive officer) and Mr. Kwan Kar Man; and the independent non-executive Directors 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 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.