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

Annual Report 2020/21

Your Baby Our Vision
以愛編織 快樂未來

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Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Cheung Desmond Lap Wai
(Chairman and Acting Chief Executive Officer)
Mr. Chin Wai Keung Richard (retired on 30 July 2020)
Mr. Kwan Kar Man (appointed on 8 May 2020)
Ms. Luk Sau Kuen (former Chairlady)
(resigned on 24 April 2020)
Ms. Wong Ka Man (appointed on 17 March 2021)
Mr. Yao Ruhe (appointed on 12 May 2021)

Independent Non-executive Directors

Mr. Cho Chi Kong (resigned on 1 June 2021)
Mr. Choi Wing San Wilson (resigned on 25 January 2021)
Mr. Tan Yik Chung Wilson (resigned on 27 April 2021)
Mr. Wang Rongqian (appointed on 25 January 2021)
Ms. Wong Ying Yu (appointed on 28 June 2021)
Mr. Wu Chi King (appointed on 28 June 2021)

BOARD COMMITTEES

Audit Committee

Mr. Tan Yik Chung Wilson *(Chairman)*
(resigned on 27 April 2021)
Mr. Wu Chi King *(Chairman)* (appointed on 28 June 2021)
Mr. Wang Rongqian (appointed on 25 January 2021)
Ms. Wong Ying Yu (appointed on 28 June 2021)
Mr. Cho Chi Kong (resigned on 1 June 2021)
Mr. Choi Wing San Wilson (resigned on 25 January 2021)

Remuneration Committee

Mr. Choi Wing San Wilson *(Chairman)*
(resigned on 25 January 2021)
Mr. Wang Rongqian *(Chairman)*
(appointed on 25 January 2021)
Ms. Wong Ying Yu (appointed on 28 June 2021)
Mr. Wu Chi King (appointed on 28 June 2021)
Mr. Cho Chi Kong (resigned on 1 June 2021)
Mr. Tan Yik Chung Wilson (resigned on 27 April 2021)

Nomination Committee

Mr. Cho Chi Kong *(Chairman)* (resigned on 1 June 2021)
Mr. Wu Chi King *(Chairman)* (appointed on 28 June 2021)
Mr. Cheung Desmond Lap Wai
Mr. Wang Rongqian (appointed on 25 January 2021)
Ms. Wong Ying Yu (appointed on 28 June 2021)
Mr. Choi Wing San Wilson (resigned on 25 January 2021)
Mr. Tan Yik Chung Wilson (resigned on 27 April 2021)

COMPLIANCE OFFICER

Mr. Cheung Desmond Lap Wai

COMPANY SECRETARY

Sir Kwok Siu Man KR (resigned on 24 July 2020)
Mr. Kwan Kar Man (appointed on 24 July 2020)

AUTHORISED REPRESENTATIVES

Mr. Cheung Desmond Lap Wai (ceased on 7 April 2021)
Sir Kwok Siu Man KR (resigned on 24 July 2020)
Mr. Kwan Kar Man (appointed on 24 July 2020)
Ms. Wong Ka Man (appointed on 7 April 2021)

INDEPENDENT AUDITOR

Jonten Hopkins CPA Limited

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

Room C, 15/F,
Roxy Industrial Centre,
58-66 Tai Lin Pai Road,
Kwai Chung, New Territories,
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

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

COMPANY WEBSITE

www.mansionintl.com

STOCK CODE

8456

Chairman's Statement

Dear Shareholders,

The year ended 31 March 2021 (the "**FY2021**") has continued to be a tough and challenging year for the Company. The social unrest broke out in Hong Kong loomed the retail market, and uncertainties for our original brand manufacturing (the "**OBM**") business grew. Also, the global economic uncertainties caused by the coronavirus disease (the "**COVID-19**") and the social unrest will continue to affect production, demand, and retail throughout the world in the foreseeable future, affecting both original equipment manufacturing (the "**OEM**") and OBM businesses in the 2020 and 2021.

Nonetheless, the Directors will do our best to prepare and weather the challenging period ahead by implementing cost reduction initiatives including further streamline the operations. For our OEM business, we shall also reduce our Group's costs by restructuring our production by working with other manufacturers across Asia Pacific. This action will allow us to continue to work with our established customers while further expanding our business into children's and teenagers' wear. We shall see a reduction of brick and mortar retail outlets in Hong Kong for our OBM business while developing and expanding our online business. We believe that there has been a change in customer buying behavior from offline to online since the pandemic and social unrest. We shall put significant effort into our eCommerce site while partnering with other online retailers to grow our online business. Meanwhile, through our experience in the People's Republic of China (the "**PRC**") in FY2021, we were able to gather data to help us grow our business in the PRC to mitigate the impact of social unrest issue in Hong Kong.

Despite the uncertainties and challenges the Group faces this year, we shall continue to pursue opportunities to create long term value for our shareholders. Finally, I would like to extend my utmost appreciation to our management and staff for their contributions, dedication, and commitment. I would also like to express my sincere gratitude to all our business partners, suppliers, and customers for their continued confidence and support.

Cheung Desmond Lap Wai
Chairman

Hong Kong, 30 June 2021

Management Discussion and Analysis

BUSINESS REVIEW

The Group is principally engaged in the sale of baby and children garments by OEM and OBM. Confronted by the slowdown in growth across most economies, the business environment was exceptionally austere in FY2021. 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 throughout FY2021, 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 continued to decline in FY2021 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. Due to the threat of the COVID-19, OBM revenue in Hong Kong and the PRC have declined in FY2021.

FINANCIAL REVIEW

Revenue

The Group's revenue declined by approximately 52.4% to approximately HK$87.2 million for FY2021 as compared to that of approximately HK$183.4 million for FY2020. The revenue of OEM business decreased by approximately 62.5% to approximately HK$44.2 million for FY2021 as compared to that of approximately HK$117.9 million for FY2020. The revenue of the OBM business decreased by approximately 34.2% to approximately HK$43.0 million for FY2021 as compared to that of approximately HK$65.5 million for FY2020.

Cost of sales, gross profit and gross profit margin

The Group's cost of sales decreased by approximately 58.8% to approximately HK$48.0 million for FY2021 as compared to that of approximately HK$116.6 million for FY2020. The gross profit for FY2021 amounted to approximately HK$39.3 million (FY2020: approximately HK$66.8 million), representing a decrease of approximately HK$27.5 million or 41.2% as compared to FY2020. The gross profit margin of the Group increased from approximately 36.4% for FY2020 to approximately 44.9% for FY2021. As the OBM operation has resulted with a higher gross profit margin compared to the OEM operation, given the weighting of turnover from OBM operation increased in the year 2021, the overall gross profit margin is better off.

Write-down of inventories

A write-down on inventories of HK$23.5 million (FY2020: HK$9.5 million) recorded due to allowance made for obsolete and slow-moving inventory items and certain inventories relating to order cancellation as the net realisable value for such inventories based primarily on the estimated subsequent selling prices and salability of inventories.

Impairment losses on property, plant and equipment and right-of-use assets

There is no impairment losses on plant and equipment and right-of-use assets during the year ended 31 March 2021.

The Group had suffered an operating loss for the FY2020, so the recoverable amounts of certain cash generating unit (the "**CGU**") as at 31 March 2020 were lower than the carrying amounts of those CGUs. The impairment losses on property, plant and equipment and right-of-use assets were triggered by the decline in those fair value.

Expenses

The Group's selling and distribution costs decreased by approximately 24.1% or HK$7.0 million to approximately HK$22.0 million for FY2021 (FY2020: approximately HK$28.9 million), which was in line with the decline in the Group's revenue. The Group's administrative expenses decreased by approximately 40.8% or HK$22.2 million to approximately HK$32.2 million for FY2021 (FY2020: approximately HK$54.3 million). Such decrease was mainly due to the Group's cost controls on operating costs in order to improve the Group's operating performance.

Finance costs

The Group's finance costs decreased by approximately 69.4% or HK$3.5 million to approximately HK$1.5 million for FY2021 (FY2020: approximately HK$5.0 million). The decrease in finance cost due to the Group has settled certain borrowings in FY2021.

Loss before tax

The Group recorded a loss before tax of approximately HK$64.8 million for FY2021 (FY2020: approximately HK$60.3 million), representing a further deterioration of approximately HK$4.5 million. It was mainly due to lower revenue, a write-down of inventories for FY2021 as compared to FY2020.

OUTLOOK

OEM exports to the US and the UK are expected to continue to decline in the next financial year 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 in FY2021, as the COVID 19 pandemic and resulting anti-epidemic 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 impact of the COVID-19 on the global economy is tremendous. 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 epidemic 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, the net proceeds from the placing of new ordinary shares of the Company (the "**Shares**") of approximately HK$35.7 million under a specific mandate (granted by the shareholders of the Company (the "**Shareholder(s)**") at the extraordinary general meeting of the Company (the "**EGM**") held on 14 September 2020) completed on 16 October 2020 (the "**Placing**") and refreshment of general mandate.

As at 31 March 2021, the Group had cash and bank balances of approximately HK$3.4 million (31 March 2020: approximately HK$4.5 million). As at 31 March 2020, the Group's interest-bearing bank borrowings amounted to approximately HK$59.9 million (31 March 2021: Nil). The Group had unutilised banking facility of approximately HK$10.2 million as at 31 March 2020 (31 March 2021: Nil). 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 5.38% in FY2020 per annum (FY2021: Nil). As at 31 March 2021, the Group's other borrowings amounted to approximately HK$11.9 million (31 March 2020: HK$4.8 million). The Group's other borrowings are unsecured, repayable within one year and denominated in Hong Kong Dollars and Renminbi, and bear interest from 0% to 5% (FY2020: 0% to 5%) per annum. As at 31 March 2020, a loan from a Director amounted to approximately HK$19.8 million (31 March 2021: Nil), which is unsecured, repayable more than one year and denominated in Hong Kong Dollars, and bears interest from 4% (FY2021: Nil) per annum.

The current ratio was 0.6 as at 31 March 2021 (31 March 2020: 1.2) and the gearing ratio was approximately N/A% as at 31 March 2021 (31 March 2020: approximately 1,194%).

Note: Current ratio is calculated as the current assets divided by current liabilities. Gearing ratio is calculated as the total debt (including the bank and other borrowings, loan from/amount due to a Director and lease liabilities) divided by total equity and multiplied by 100%.

The Group did not use any financial instruments for hedging purposes during FY2021 (FY2020: Nil). As at 31 March 2021, the share capital and capital deficiency amounted to approximately HK$9.2 million and HK$22.6 million respectively (31 March 2020: Share capital and equity attributable to owner of the Company of HK$4.6 million and HK$9.8 million respectively).

Details of the capital risk management are set out in note 43 to the consolidated financial statements of the Group for FY2021 (the "**Consolidated Financial Statements**").

Refreshment of general mandate

At the annual general meeting of the Company (the "**AGM**") held on 30 July 2020, the Shareholders approved the granting of general mandate to the Directors to allot, issue and deal with up to 92,295,200 new Shares, being 20% of the aggregate number of issued Shares of 461,476,000 on the date of the AGM held on 30 July 2020 (the "**Existing General Mandate**").

With reference to the Company's circular dated 5 February 2021, since the granting of the Existing General Mandate and up to the latest practicable date as defined in the Circular, the Existing General Mandate has not been utilized and the Company has the power to issue up to a maximum of 92,295,200 Shares under the Existing General Mandate, represents only approximately 10% of the issued Shares as enlarged by the completion of the Placing. In light of the next AGM which will be held no later than September 2021, it is possible that the Company may not have sufficient general mandate to promptly meet fund raising and/or investment opportunities for more than 6 months. At the EGM held on 2 March 2021, the resolution approving the refreshment of the Existing General Mandate to allot, issue and deal with 92,295,200 new Shares, being 20% of the total issued share capital of the Company as at 2 March 2021, was passed by the independent Shareholders (the "**New General Mandate**"). The New General Mandate will empower the Directors to issue new Shares under the refreshed limit and provide the Company with the flexibility and ability to capture any appropriate capital raising or business opportunities in an appropriate time. As at the date hereof, no part of this refreshed general mandate has been utilized.

Details of the refreshment of general mandate were disclosed in the Company's announcement dated 2 March 2021 and the Company's circular 5 February 2021.

FUND RAISING ACTIVITIES

Placing of new shares under specific mandate

On 7 August 2020, the Company and CNI Securities Group Limited entered into a 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. 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 the 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 (the "**Completion**"). 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 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 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$35,693,000, in which 48% was assigned for use as general working capital for payment of certain rental expense, utilities and staff costs, and the balance of 52% was assigned for settlement of certain trade payables and overhead expenses of the Group.

Details of the Placing were disclosed in the Company's announcements dated 7 August 2020, 14 September 2020, 30 September 2020 and 16 October 2020 and the Company's circular dated 28 August 2020.

During the FY2021, save as disclosed above, the Group did not conduct any fund raising activities.

CAPITAL COMMITMENTS

Save as disclosed in this report, the Group did not have any significant capital commitments as at 31 March 2021 (31 March 2020: Nil).

CHARGE OVER ASSETS OF THE GROUP

As at 31 March 2020, a pledged bank deposit amounting to approximately HK$15.0 million (31 March 2021: Nil), a building and land use rights with an aggregate carrying amount of approximately HK$1.2 million (31 March 2021: Nil) and the investment in life insurance policy with an insured sum of not less than US$9.0 million were pledged to secure bank facilities granted to the subsidiaries of the Company.

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

On 29 May 2020, Mei Li Hua Children Garment Company Limited* (中山美麗華兒童服裝製品有限公司) ("**MLH**"), a wholly-owned subsidiary of the Company, entered into the sale and purchase agreement with Zhongshan Anpin Electrical Appliance Company Limited* (中山安品電器有限公司) to dispose a land parcel situated in Zhongshan, the PRC at a cash consideration of RMB11,000,000 (equivalent to 12,287,000). The Disposal has been completed in November 2020.

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 FY2021. There was no future plan for material investments or capital assets as at 31 March 2021.

EVENT AFTER THE REPORTING PERIOD

Share Consolidation

Reference is made to the Company's announcement dated 14 May 2021, the board of Directors (the "**Board**") proposed that every twenty (20) issued and unissued existing Shares of a par value of HK$0.01 each in the share capital of the Company be consolidated into one (1) consolidated Share of a par value of HK$0.2 each in the share capital of the Company (the "**Share Consolidation**"). The Share Consolidation was approved by the Shareholders at the EGM held on 15 June 2021 and became effective on 17 June 2021. Upon completion of the Share Consolidation, the Company's share capital consists of 100,000,000 consolidated Shares of HK$0.2 each. As at the date hereof, the Company's issued share capital was HK$9,214,760 and the number of its issued Shares was 46,073,800 of HK$0.2 each.

Details of the Share Consolidation were disclosed in the Company's announcements dated 14 May 2021 and 15 June 2021 and the Company's circular dated 24 May 2021.

FOREIGN EXCHANGE EXPOSURE

The Group mainly operates in Hong Kong and the PRC, and most of its business transactions, assets and liabilities are principally denominated in Hong Kong Dollars ("**HKD**"), US Dollars ("**USD**") and Renminbi ("**RMB**"). Most of its sales proceeds were received in USD and HKD, and most of the purchases are conducted in HKD, USD and RMB. Most of its production costs, such as wages are incurred in RMB. HKD is pegged with USD, thus foreign exchange exposure of USD is considered as minimal.

As at 31 March 2021 and 2020, if RMB had strengthened or weakened by 5% against HKD with all other variable held constant, loss for the FY2021 and FY2020 would have been approximately HK$0.70 million and HK$1.5 million respectively, lower or higher, mainly as a result of foreign exchange losses or gains on translation of RMB denominated cash and bank balances, deposits, prepayments and other receivables, trade and bills payables and accruals and other payables.

* *English translated name is for identification purpose only*

CONTINGENT LIABILITIES

As at 31 March 2021, the Group had no material contingent liabilities (31 March 2020: Nil).

USE OF PROCEEDS FROM THE SHARE OFFER

As disclosed in the prospectus of the Company dated 12 January 2018 (the "**Prospectus**"), the net proceeds from the Share Offer (the "**Net Proceeds**") were approximately HK$44.0 million. On 6 March 2020, the Board resolved to change the use of the unutilised Net Proceeds (the "**Newly Planned Use of Net Proceeds**). For details, please refer to the Company's announcement dated 6 March 2020. As at 31 March 2021, the Group had utilised approximately HK$44.0 million of the Net Proceeds as follows:

Implementation plans	**Use of Net Proceeds per prospectus HK$ million**	**Newly Planned Use of Net Proceeds HK$ million**	**Use of Net Proceeds during FY2021 HK$ million**	**Actually utilised up to 31 March 2021 HK$ million**
Upgrading our production facilities and enhancing the production capability through extensive application of radio-frequency identification technology	15.7	3.9	1.0	3.9
Enhancing our sales and marketing effort	13.5	16.5	5.5	16.5
Strengthening our research and development capabilities for the PRC market	6.8	15.6	6.2	15.6
Repayment of bank loan(s)	4.5	4.5	–	4.5
Working capital	3.5	3.5	–	3.5
Total	**44.0**	**44.0**	**12.7**	**44.0**

In accordance with the Prospectus, the Group planned to use the Net Proceeds on the implementation plans on or before 31 March 2020. Given the recent development of the Group, the Group changed the plans to the Newly Planned Use of Net Proceeds on 6 March 2020.

FUTURE PLANS

Although Hong Kong has seen several rounds of ups and downs of the COVID-19 pandemic and has not come back to normal, with the stricter pandemic preventive measures imposed by the Hong Kong Government and the implementation of COVID-19 vaccination programme held in Hong Kong and different countries, the Board is cautiously optimistic that the local retail market will return to normalcy.

Looking forward, the Group will continue to improve the operational efficiency and keep on the cost control measures, and on the other hand, the Group will actively optimize its existing resources so as to enhance the core competitiveness.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2021, the Group had about 63 (2020: 674) employees working in Hong Kong and the PRC.

As the guiding principles, the Group uses its best endeavours offering 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 will be 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 a mandatory provident fund (the "**MPF**") 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 on 28 December 2017 (the "**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.

RETIREMENT BENEFITS PLANS

The Group participates in the MPF scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees employed. The Group offered various social insurance benefits and provident fund to the PRC staffs during the reporting period and created a harmonious working environment.

Defined contribution schemes include central pension scheme in the PRC (the "**Central Pension Scheme**") and MPF scheme in Hong Kong. For the Central Pension Scheme, contributions are made by both employer and employees at statutory amount. For the MPF scheme, contributions are made by both employer and employees based on the employees' relevant monthly income at rates in compliance with statutory requirements. Employers' contributions to defined contribution schemes amounted to HK$1.8 million for FY2021 (FY2020: 4.3 million).

STAKEHOLDERS' ENGAGEMENT

The Group obtains and understands the views of its stakeholders regularly. This communication provides valuable feedback for the Group's business, and assists the Group to understand stakeholders' needs and assess the best way to leverage the resources and expertise to contribute to future business and community development.

Across the supply chain, the Group has taken steps throughout the FY2021 to ensure that we operate responsibly and in the interests of our customers, workforce, suppliers and other stakeholders.

Employees perform management, administration and human resources, operation and finance relation functions, respectively. The Group determines the remuneration of its employees by reference to the market salary of their individual experience and performance. The Group will continue to improve and upgrade employees' management and professional skills. None of the Group's employees is represented by any collective bargaining agreement or labour union.

LABOUR ARBITRATION CLAIM

On 28 April 2021, MLH, a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company, received two arbitral awards (the "**Arbitral Awards**") made by the Arbitration Court of the Zhongshan City Labour Human Resources Disputes Arbitration Commission* (中山市勞動人事爭議仲裁委員會) (the "**Arbitration Court**") on 12 April 2021 and 20 April 2021 respectively, in relation to two claims filed by 200 employees and 86 employees against MLH in Arbitration Court for wages and benefit compensation in the sum totaling approximately RMB11.6 million.

The Company is in the course of seeking legal advice with the Group's PRC legal advisors about the enforcement of the Arbitral Awards. The Company will make further announcement(s) to update the Shareholders and the public as and when appropriate as required under the GEM Listing Rules.

* *English translated name is for identification purpose only*

Biographical Details of Directors

EXECUTIVE DIRECTORS

Mr. Cheung Desmond Lap Wai (張立維) ("**Mr. Cheung**"), aged 38, is the chairman of the Board (the "**Chairman**") and the acting chief executive officer of the Company (the "**CEO**"), and is also currently a director of a number of subsidiaries of the Company. Further, Mr. Cheung is a member of the nomination committee of the Board and was an authorised representative of the Company (the "**Authorised Representative**"). He joined the Group in October 2008 as the manager of business development and marketing department. Mr. Cheung was appointed as a Director on 17 May 2017, was re-designated as an executive Director and appointed as the chief operating officer of the Company (the "**COO**") on 6 July 2017, and was appointed as the acting CEO on 7 November 2018. He was appointed as the Chairman and resigned as the COO on 21 May 2020. Mr. Cheung is mainly responsible for overseeing the financial and accounting, human resources and administrative matters as well as the OBM business of our Group. Mr. Cheung has over ten years of experience in business development and sales and marketing. Prior to joining the Group, Mr. Cheung worked in Samsung SDS America, Inc., a subsidiary of Samsung Electronics Co., Ltd., as a junior consultant of systems in 2005. From 2005 to 2008, Mr. Cheung worked in Model N, Inc., a company listed on the New York Stock Exchange (Stock Code: MODN), which is a pioneer and leading provider of revenue management solutions for the life sciences and technology industries, with his last position being a member of technical staff of the product development. Mr. Cheung obtained a Bachelor of Arts degree in Computer Science from the University of California, Berkeley in California, US in December 2004 and a Master of Science degree in Software Management from the Carnegie Mellon University in Pittsburgh, Pennsylvania, US in August 2010. Mr. Cheung also obtained a Master of Business Administration degree from The Chinese University of Hong Kong in November 2016. Mr. Cheung was selected for membership in Beta Gamma Sigma the international honour society for collegiate schools of business under The Chinese University of Hong Kong in November 2016. Mr. Cheung is a nephew of the late Ms. Fung Sau Ying, our former chairlady of the Board, CEO and executive Director.

Mr. Kwan Kar Man (關嘉文) ("**Mr. Kwan**"), aged 39, has been our executive Director since 8 May 2020. He has also been appointed as the company secretary of the Company (the "**Company Secretary**") and the Authorised Representative since 24 July 2020. Mr. Kwan is mainly responsible for overseeing the financial and accounting, risk management and internal control of the Group. Mr. Kwan has over 15 years of experience in the accounting and auditing industry. He is a practising certified public accountant of the Hong Kong Institute of Certified Public Accountants. He is currently a director of a private company which engages in trading of agricultural products. Mr. Kwan obtained a bachelor's degree in Accounting from Lingnan University, Hong Kong in 2003.

Ms. Wong Ka Man (王嘉雯) ("**Ms. Carmen Wong**"), aged 33, has been our executive Director since 17 March 2021. Ms. Carmen Wong has also been appointed as the Authorised Representative on 7 April 2021. She is currently an operation manager of China Supply Chain Holdings Limited (formerly known as Yat Sing Holdings Limited), a company listed on the Stock Exchange (Stock Code: 3708), since May 2016. Ms. Carmen Wong was the deputy operation manager of China Ocean Group Development Limited (formerly known as Sky Forever Supply Chain Management Group Limited and China Ocean Fishing Holdings Limited), a company listed on GEM of the Stock Exchange (Stock Code: 8047), from September 2014 to May 2016.

Mr. Yao Ruhe (姚汝壑) ("**Mr. Yao**"), aged 35, has been our executive Director since 12 May 2021. He has been the deputy general manager of Guangzhou Trendzon Investment Holding Group Co., Limited ("**Guangzhou Trendzon**") since January 2019, where he was responsible for overseeing the operation and business strategies of Guangzhou Trendzon, and organizing and developing Guangzhou Trendzon's marketing and other related businesses in Hong Kong and Guangzhou. In addition, Mr. Yao served as the deputy general manager (South China) of the Market Development Department of Hainan Bozza Holdings Group Limited from December 2017 to December 2018, where he was responsible for product positioning and marketing strategies, including product positioning and price strategy, etc.

Mr. Yao also served as the deputy general manager of Sanya Tianjing Property Development Limited from January 2017 to December 2017, where he was responsible for the development and design of property projects, and organizing relevant departments and experts to review plans and management matters. Mr. Yao also served as the deputy general manager of Hainan Sansha Bozza Supply Support Limited from January 2017 to December 2017, where he was responsible for the distribution of supplies, provision of materials and support. He served as the deputy general manager of the Market Development Department of China Bozza Group Limited from January 2016 to July 2018, where he was responsible for collecting industry and market information, policies, industry trends, user data and others, conducting market analysis, planning market strategies, and carrying out market expansion. He participated in the acquisition of equity interests in Today Bridge Limited and its subsidiaries by China Bozza Group Limited in 2018.

Biographical Details of Directors

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wang Rongqian (王榮騫) ("**Mr. Wang**"), aged 40, has been our independent non-executive Director (the "**INED**") since 25 January 2021, and is the chairman of the Board's remuneration committee (the "**Remuneration Committee**"), and a member of each of the Board's audit committee (the "**Audit Committee**") and nomination committee (the "**Nomination Committee**"). He holds a bachelor's degree in laws from the Central South University and a master's degree in corporate and financial laws from the University of Hong Kong. Mr. Wang has extensive experience in the areas of project management, corporate finance, commercial trade, and legal practice in the PRC.

Mr. Wang is currently the independent non-executive director of CL Group (Holdings) Limited, a company listed on GEM of the Stock Exchange (Stock Code: 8098) since 2 October 2018. Mr. Wang was the independent non-executive director of Kirin Group Holdings Limited, a company listed on GEM of the Stock Exchange (stock code: 8109) from 3 April 2019 to 1 September 2020, and the executive director of Farnova Group Holdings Limited (formerly known as Code Agriculture (Holdings) Limited), a company listed on GEM of the Stock Exchange (Stock Code: 8153) from 8 June 2016 to 19 June 2020.

Ms. Wong Ying Yu (黃纓喻) ("**Ms. Wong**"), aged 58, has been our INED since 28 June 2021, and is a member of each of the Audit Committee, Nomination Committee and Remuneration Committee. She has over 20 years experience on sales and marketing of beauty products with management experience in the beauty industry, and was responsible for all day-to-day aspects of the operations in Hong Kong including sales and marketing, business development, merchandising and design. With extensive professional knowledge and experience in retailing, she possesses unique experience in the operational concept of open-shelf display of retail products.

Mr. Wu Chi King (胡子敬) ("**Mr. Wu**"), aged 39, has been our INED since 28 June 2021, and is the chairman of the Audit Committee and Nomination Committee and a member of the Remuneration Committee. He received a Bachelor of Computer Science from Monash University and is a Certified Practising Accountant (CPA) of Certified Practising Accountant Australia. He has accumulated extensive experience in finance and accounting by working in various listed and sizable companies in Hong Kong. Mr. Wu is currently the Finance Manager of Elegant Best Investment Limited, a private company incorporated in Hong Kong with limited liability which is a cosmetic product manufacturer and owned a cosmetic brand "Mariedalgar" in China. Mr. Wu is also an independent non-executive director of Wan Cheng Metal Packaging Company Limited, a company whose shares are listed on GEM of the Stock Exchange (Stock Code: 8291) since June 2020.

Corporate Governance Report

The Company is committed to fulfilling its responsibilities to its Shareholders and protecting and enhancing Shareholders' value through good corporate governance. The Directors recognise the importance of incorporating elements of good corporate governance in the management structures, internal control and risk management procedures of the Group so as to achieve effective accountability.

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 FY2021 and up to the date hereof, save for the deviation from code provision A.2.1 of the CG Code as disclosed in the section headed "Chairman and Chief Executive" in this report, code provisions A.4.1, A.5.1 and A.6.7 of the CG code as disclosed below, and Rules 5.05(1), 5.05(2), 5.05A, 5.28 and 5.34 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.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 AGM held on 30 July 2020 and the EGMs held on 14 September 2020 and 2 March 2021 due to other business engagements. This constitutes a deviation from code provision A.6.7 of the CG Code.

The Company Secretary had reminded the Directors to attend general meetings in future in order to establish effective communications with the Shareholders.

Code provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term and subject to re-election. Mr. Wang, Ms. Wong and Mr. Wu, the INEDs, have no specific term of appointment but is subject to retirement and re-election at the AGM in accordance with the Articles of Association. As such, the Company considers that sufficient measures have been taken to serve the purpose of this code provision.

Following the resignation of Mr. Tan Yik Chung Wilson and Mr. Cho Chi Kong as INEDs on 27 April 2021 and 1 June 2021 respectively, (i) the number of both the INEDs and the Audit Committee members fell below the minimum number required under Rules 5.05(1) and 5.28, respectively of the GEM Listing Rules; (ii) the number of INEDs falls below one-third of the Board under Rule 5.05A of the GEM Listing Rules; (iii) the requirement for at least one of the INEDs to have appropriate professional qualifications or accounting or related financial management expertise cannot be met under Rule 5.05(2) of the GEM Listing Rules; (iv) the position of chairman of the Audit Committee is vacant under Rule 5.28 of the GEM Listing Rules; (v) the Remuneration Committee does not comprise of a majority of INEDs and the position of chairman of the Remuneration Committee is vacant under Rule 5.34 of the GEM Listing Rules; and (vi) the Nomination Committee does not comprise of a majority of INEDs and the position of chairman of the Nomination Committee is vacant under code provision A.5.1 of the CG code. The Company has appointed Ms. Wong and Mr. Wu as the INEDs on 28 June 2021. The Company has complied with the above requirements of the GEM Listing Rules after those appointments.

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 during FY2021 and up to the date hereof, each of them has confirmed he/she had complied with the Required Standard of Dealings throughout the FY2021. No incident of non-compliance was noted by the Company during the FY2021.

Corporate Governance Report

BOARD OF DIRECTORS

Responsibilities

The Board is primarily responsible for overseeing and supervising the management of the business affairs and the overall performance of the Group. The Board sets the Group's values and standards and ensures that the requisite financial and human resources support is in place for the Group to achieve its objectives. The functions performed by the Board include but are not limited to formulating the Group's business and investment plans and strategies, deciding all significant financial (including major capital expenditure) and operational issues, developing, monitoring and reviewing the Group's corporate governance practices and all other functions reserved to the Board under the Company's articles of association (the "**Articles of Association**"). The Board has established Board committees and has delegated to these Board committees various responsibilities as set out in their respective terms of reference. The Board may from time to time delegate certain functions to the management of the Group (the "**Management**") if and when considered appropriate. The Management is mainly responsible for the execution of the business plans, strategies and policies adopted by the Board and other duties assigned to it from time to time. The Management reports periodically the work and business decisions to the Board.

The Directors have full access to information of the Group and are entitled to seek independent professional advice in appropriate circumstances at the Company's expense.

Composition

The Company is committed to holding the view that the Board should include a balanced composition of executive Directors and non-executive Directors (including INEDs) so that there is a strong independent element on the Board, which can effectively exercise independent judgment.

As at the date hereof, the Board comprises the following seven Directors, of which the INEDs in aggregate represent over 40% of the Board members:

Executive Directors
Mr. Cheung Desmond Lap Wai *(Chairman and Acting CEO)*
Mr. Kwan Kar Man
Ms. Wong Ka Man
Mr. Yao Ruhe

INEDs
Mr. Wang Rongqian
Ms. Wong Ying Yu
Mr. Wu Chi King

The biographical details of each of the Directors are set out in the section headed "Biographical Details of Directors" of this annual report.

To the best knowledge of the Company, there was no financial, business, family or other material/relevant relationship among the Directors during the FY2021 and up to the date hereof.

The INEDs have brought in a wide range of business and financial expertise, experience and independent judgement to the Board. Through active participation in the Board meetings and serving on various Board committees, all INEDs will continue to make various contributions to the Company.

As at the date hereof, the Company had three INEDs, meeting the requirements of the GEM Listing Rules that the number of INEDs must represent at least one-third of the Board members, and that at least one of the INEDs has appropriate professional qualifications or accounting or related financial management expertise.

Corporate Governance Report

The Company has received a confirmation of independence in writing from each of the current INEDs pursuant to Rule 5.09 of the GEM Listing Rules. Based on such confirmation, the Company considers that all the INEDs are independent and have met the independence guidelines as set out in Rule 5.09 of the GEM Listing Rules.

During the FY2021, Mr. Cheung had held a meeting with the INEDs without the presence of other Directors.

Proper insurance coverage in respect of legal actions against the Directors' liabilities has been arranged by the Company.

Directors' Induction and Continuous Professional Development

Each of the Directors has received a formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure that he/she has a proper understanding of the Company's operations and business and is fully aware of the Director's responsibilities under statute and common law, the GEM Listing Rules, other legal and regulatory requirements and the Company's business and governance policies.

The Company will from time to time provide briefings to all Directors to develop and refresh their duties and responsibilities. All Directors are also encouraged to attend relevant training courses at the Company's expense and they have been requested to provide the Company with their training records. According to the training records maintained by the Company, the continuous professional development programmes received by each of the Directors during the FY2021 are summarised as follows:

Name of Directors	Type of trainings
Mr. Cheung	B
Mr. Chin Wai Keung Richard ("**Mr. Chin**") (retired on 30 July 2020)	B
Mr. Kwan (appointed on 8 May 2020)	B
Ms. Carmen Wong (appointed on 17 March 2021)	B
Ms. Luk Sau Kuen ("**Ms. Luk**") (resigned on 24 April 2020)	B
Mr. Cho Chi Kong ("**Mr. Cho**") (resigned on 1 June 2021)	A and B
Mr. Choi Wing San Wilson ("**Mr. Choi**") (resigned on 25 January 2021)	B
Mr. Tan Yik Chung Wilson ("**Mr. Tan**") (resigned on 27 April 2021)	A and B
Mr. Wang (appointed on 25 January 2021)	B

A: attending seminars/conferences/forums

B: reading newspapers, journals and updates relating to the economy, general business, corporate governance and directors' duties and responsibilities

Meetings of the Board and Directors' Attendance Records

The Board is scheduled to meet four times a year at approximately quarterly intervals with notice given to the Directors at least 14 days in advance. For all other Board meetings, notice will be given in a reasonable time in advance. The Directors are allowed to include any matter in the agenda that is required for discussion and resolution at the meetings. To enable the Directors to be properly briefed on issues arising at each of the Board meetings and to make informed decisions, an agenda and the accompanying Board papers will be sent to all Directors at least three days before the intended date of the Board meeting, or such other period as agreed. The Company Secretary is responsible for keeping all Board meetings' minutes. Draft and final versions of the minutes will be circulated to the Directors for comments and record respectively within a reasonable time after each meeting, and the final version is open for the Directors' inspection.

Corporate Governance Report

Details of the attendance of the Board meetings, Audit Committee meetings, Remuneration Committee meetings, Nomination Committee meetings and general meetings of the Company held during the FY2021 are summarised as follows:

	Number of meetings attended/eligible to attend for the FY2021				
Name of Directors	**Board meeting**	**Audit Committee meeting**	**Remuneration Committee meeting**	**Nomination Committee meeting**	**General Meeting**
Executive Directors					
Mr. Cheung	9/9	N/A	N/A	4/4	2/3
Mr. Chin *(note 1)*	0/2	N/A	N/A	N/A	0/1
Mr. Kwan *(note 2)*	9/9	N/A	N/A	N/A	3/3
Ms. Carmen Wong *(note 3)*	N/A	N/A	N/A	N/A	N/A
Ms. Luk *(note 4)*	N/A	N/A	N/A	N/A	N/A
INEDs					
Mr. Cho *(note 5)*	9/9	6/6	3/3	4/4	3/3
Mr. Choi *(note 6)*	5/5	4/4	1/1	2/2	1/2
Mr. Tan *(note 7)*	8/9	6/6	3/3	4/4	2/3
Mr. Wang *(note 8)*	3/3	2/2	1/1	1/1	0/1

N/A: not applicable

Notes:

1. Mr. Chin retired as an executive Director on 30 July 2020.

2. Mr. Kwan was appointed as an executive Director on 8 May 2020.

3. Ms. Carmen Wong was appointed as an executive Director on 17 March 2021.

4. Ms. Luk resigned as an executive Director on 24 April 2020.

5. Mr. Cho resigned as an INED, chairman of the Nomination Committee, and a member of each of the Audit Committee and Remuneration Committee on 1 June 2021.

6. Mr. Choi resigned as an INED, chairman of the Remuneration Committee, and a member of each of the Audit Committee and Nomination Committee on 25 January 2021.

7. Mr. Tan resigned as an INED, chairman of the Audit Committee, and a member of each of the Remuneration Committee and Nomination Committee on 27 April 2021.

8. Mr. Wang was appointed as an INED, chairman of the Remuneration Committee, and a member of each of the Audit Committee and Nomination Committee on 25 January 2021.

Board Diversity Policy

The Board has adopted a policy of the Board diversity and discussed all measurable objectives set for implementing the same.

The Company recognises and embraces the benefits of a diversity of Board members. It endeavours to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. All Board appointments will continue to be made on a merit basis with due regard for the benefits of the diversity of Board members. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge.

CHAIRMAN AND CHIEF EXECUTIVE

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, acting 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 INEDs. Further, the then Audit Committee consisted of three INEDs, and all INEDs 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 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 make appropriate changes if considered necessary.

BOARD COMMITTEES

The Board has established three Board committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee to oversee particular aspects of the Company's affairs. The Board committees are provided with sufficient resources to discharge their duties. All Board committees have been established with defined written terms of reference, which are posted on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.mansionintl.com. All the Board committees should report to the Board on their decisions or recommendations made.

The practices, procedures and arrangements in conducting meetings of Board committees follow in line with, so far as practicable, those of the Board meetings set out above.

All Board committees are provided with sufficient resources to perform their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstance, at the Company's expense.

The Board is responsible for performing the corporate governance duties set out in the CG Code, which include developing and reviewing the Company's policies and practices on corporate governance, training and continuous professional development of Directors, and reviewing the Company's compliance with the code provisions in the CG Code and disclosures in the corporate governance report.

Corporate Governance Report

Audit Committee

The Audit Committee was established with effect from 26 January 2018 with written terms of reference in compliance with the CG Code. The Board has adopted revised terms of reference on 31 December 2018. The written terms of reference of the Audit Committee are published on the respective websites of the Stock Exchange and the Company. The Audit Committee currently comprises three INEDs, namely Mr. Wang, Ms. Wong and Mr. Wu. Mr. Wu is the chairman of the Audit Committee.

The principal roles and functions of the Audit Committee include but are not limited to:

1. making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, approving its remuneration and terms of engagement, and handling any questions regarding its resignation or dismissal;

2. reviewing and monitoring the external auditor's independence and objectivity, and the effectiveness of the audit process in accordance with applicable standards and the Group's accounting policies, and discussing with the external auditor the nature and scope of the audit and reporting obligations before the audit commences;

3. developing and implementing a policy on engaging an external auditor to supply non-audit services, if any, and reporting to the Board, identifying and making recommendations on any matters where action or improvement is needed;

4. assisting the Board in fulfilling its responsibilities by providing an independent review and supervision of financial reporting;

5. monitoring the integrity of the Company's financial statements, annual reports and accounts, half-year reports and quarterly reports, and reviewing significant financial reporting judgments contained in them;

6. reviewing the Company's financial controls;

7. discussing the risk management and internal control systems with the Management to ensure that the Management has performed its duty to have such effective systems;

8. considering major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and the Management's response to these findings;

9. where an internal audit function exists, ensuring the co-ordination between internal and external auditors and that the internal audit function is adequately resourced and has appropriate standing within the Company, and reviewing and monitoring its effectiveness;

10. reviewing the Group's financial and accounting policies and practices;

11. reviewing the external auditor's management letter, any material queries raised by the external auditor to the Management about the accounting records, financial accounts or systems of control and management's response;

12. ensuring that the Board will provide a timely response to the issues raised in the external auditor's management letter;

13. reporting to the Board on the matters in the provisions in the CG Code;

14. ensuring the adequacy of resources, staff qualifications and experience, training programmes, and budget of the Company's accounting and financing reporting function;

15. reviewing the arrangements that the employees of the Group can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters;

16. formulating whistle-blowing policies and systems so that the employees and other persons (e.g. customers and suppliers) who have connections with the Company can, in confidence, report to the Audit Committee concerns about any impropriety relating to the Company; and

17. considering other topics as defined by the Board.

During the FY2021, the Audit Committee held six meetings to, amongst other matters, consider and recommend to the Board for approval the Group's audited annual results for FY2020, unaudited first quarterly results for the three months ended 30 June 2020, unaudited interim results for the six months ended 30 September 2020 and unaudited third quarterly results for the nine months ended 31 December 2020 and audit-related matters; and the appointment of Jonten Hopkins CPA Limited ("**Jonten Hopkins**") as the auditor of the Company. Details of the attendance of the Audit Committee meetings are set out above.

Remuneration Committee

The Remuneration Committee was established with effect from 26 January 2018 with written terms of reference in compliance with the CG Code. The written terms of reference of the Remuneration Committee are published on the respective websites of the Stock Exchange and the Company. The Remuneration Committee currently comprises three INEDs, namely Mr. Wang, Ms. Wong and Mr. Wu. Mr. Wang is the chairman of the Remuneration Committee.

The principal roles and functions of the Remuneration Committee include but are not limited to:

1. making recommendations to the Board on (i) the overall policy and structure for the remuneration of all Directors, senior management and general staff of the Group, and (ii) the establishment of a formal and transparent procedure for developing the remuneration policy;

2. reviewing and approving management's remuneration proposals by reference to the Board's corporate goals and objectives;

3. making recommendations to the Board on the remuneration packages of individual executive Directors and senior management including basic salaries, benefits in kind, pension rights and compensation payments including any compensation payable for loss or termination of their office or appointment;

4. making recommendations to the Board on the remuneration of the non-executive Directors;

5. considering the salaries paid by comparable companies, time commitment, responsibilities and employment conditions elsewhere in the Group;

6. reviewing and approving the compensation payable to the executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with the contractual terms and is otherwise fair and not excessive;

7. reviewing and approving the compensation arrangements relating to the dismissal or removal of the Directors for misconduct to ensure that they are consistent with the contractual terms and are otherwise reasonable and appropriate; and

8. ensuring that no Director or any of his/her associates (as defined in the GEM Listing Rules) is involved in deciding his/her own remuneration.

During the FY2021, the Remuneration Committee held three meetings to review and recommend to the Board for approval certain remuneration-related matters of the Directors and senior management. Details of the attendance of the Remuneration Committee meetings are set out above.

Nomination Committee

The Nomination Committee was established with effect from 26 January 2018 with written terms of reference in compliance with the CG Code. The Board has adopted revised terms of reference on 31 December 2018. The written terms of reference of the Nomination Committee are published on the respective websites of the Stock Exchange and the Company. The Nomination Committee currently comprises Mr. Cheung, the Chairman, acting CEO and executive Director, and three INEDs, namely Mr. Wang, Ms. Wong and Mr. Wu. Mr. Wu is the chairman of the Nomination Committee.

The principal roles and functions of the Nomination Committee include but are not limited to:

1. reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

2. identifying individuals suitably qualified to become members of the Board and selecting or making recommendations to the Board on the selection of individuals nominated for directorships;

3. assessing the independence of the INEDs;

4. making recommendations to the Board on the appointment or re-appointment of Directors and the succession plan for the Directors, in particular, the Chairman and the CEO; and

5. developing and making recommendations to the Board the measurable objectives for achieving diversity on the Board and monitoring the progress on achieving those objectives.

The Board also adopted the nomination policy. The Nomination Committee shall endeavor to select individuals of high integrity who have a solid record of accomplishment in their chosen fields and who possess the qualifications, qualities and skills to effectively represent the best interests of the Group and the Shareholders. Candidates will be selected for their ability to exercise good judgment and provide practical insights and diverse perspectives. Candidates also will be assessed in the context of the then-current composition of the Board and the operating requirements of the Group. In conducting this assessment, the Nomination Committee will, in connection with its assessment and recommendation of the candidates for Directors, consider the diversity (including but not limited to gender, age, cultural, educational and professional background, knowledge, experience and skills) and such other factors as it deems appropriate given the current and anticipated future needs of the Board and the Company, and to maintain a balance of perspectives, qualifications, qualities and skills on the Board.

During the FY2021, the Nomination Committee held four meetings to, amongst other matters, (i) review the structure, size and composition of the Board; (ii) assess the independence of the INEDs; (iii) recommend to the Board for approval the appointment of Director; and (iv) recommend to the Board for approval the re-appointment of Directors at the AGM held in July 2020. Details of the attendance of the Nomination Committee meetings are set out above.

Corporate Governance Functions

The Board is responsible for performing the corporate governance functions, which include:

1. developing and reviewing the Company's policies and practices on corporate governance and make recommendations to the Board;

2. reviewing and monitoring the training and continuous professional development of the Directors and senior management;

3. reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;

4. developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to the Directors and the Group's employees; and

5. reviewing the Company's compliance with the CG Code and disclosure in this report.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Ms. Carmen Wong, Mr. Yao, Mr. Wang, Ms. Wong and Mr. Wu have not entered into any written service contract with the Company but will hold office until the first AGM after his/her appointment and will be subject to retirement and re-election at such meeting.

All the Directors, including the INEDs, are subject to retirement by rotation and eligible for re-election in accordance with the Articles of Association. At each AGM, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation, provided that every Director shall be subject to retirement at an AGM at least once every three years. A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the AGM at which he/she retires. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of Directors to retire by rotation) any Director who wishes to retire and does not offer himself/herself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been the longest in office since their last re-election or appointment and so that as between the persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

The Company may by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an additional Director. Any Director so appointed shall be subject to retirement by rotation.

The Board shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board. Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of the Company after his/her appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following AGM and shall then be eligible for re-election. Any such Director appointed shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation at an AGM.

REMUNERATION OF DIRECTORS

The particulars of the Directors' remuneration for the FY2021 are set out in note 10 to the Consolidated Financial Statements.

INDEPENDENT AUDITOR'S REMUNERATION

Jonten Hopkins was engaged as the Group's independent auditor for the FY2021. The remuneration paid/payable to Jonten Hopkins in respect of statutory audit services for the FY2021 was HK$650,000.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for the preparation of the Consolidated Financial Statements.

The Directors were aware of certain material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

In addition, Jonten Hopkins has stated in the Independent Auditor's report its reporting responsibilities on the Consolidated Financial Statements.

RISK MANAGEMENT AND INTERNAL CONTROL

The Company has in place policies and procedures in relation to risk management and internal control. The Board is primarily responsible for overseeing the risk management and internal control systems and reviewing their effectiveness. The Company's internal control system and procedures are designed to meet its specific business needs and minimise its risk exposure. The Company has adopted different internal guidelines, along with written policies and procedures to monitor and lessen the impact of risks which are relevant to its business, and control its daily business operations. Management will identify the risks associated with the Group's day-to-day operations for review by the Board. The Board is responsible for evaluating and determining the nature and extent of the risks that the Company is willing to take in achieving the Company's strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems. The Board oversees management in the design, implementation and monitoring of the risk management and internal control systems. The Board acknowledges that such risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Company does not have an internal audit department. The Board currently takes the view that there is no immediate need to set up an internal audit function in light of the size, nature and complexity of the Group's business. The need for an internal audit function will be reviewed from time to time. Recently, the Board has conducted a review of the effectiveness of the risk management and internal control systems of the Group covering all material controls, including financial, operational and compliance controls functions. The Board considers that the Group's risk management and internal control systems are adequate and effective. The Board expects that a review of the risk management and internal control systems will be performed annually.

DISCLOSURE OF INSIDE INFORMATION

The Group acknowledges its responsibilities under the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong (the "**SFO**")), the GEM Listing Rules and the overriding principle that inside information must be announced promptly when it is the subject of a decision. The procedures and internal controls for the handling and dissemination of inside information are as follows:

1. the Group conducts its affairs with close regard to the disclosure requirement under the GEM Listing Rules as well as the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission of Hong Kong in June 2012;

2. the Group has implemented and disclosed its policy on fair disclosure by pursuing broad, non-exclusive distribution of information to the public through channels such as financial reporting, public announcements and the Company's website;

3. the Group has strictly prohibited unauthorised use of confidential or inside information; and

4. the Group has established and implemented procedures for responding to external enquiries about the Group's affairs, so that only the executive Directors and authorised representatives are authorised to communicate with parties outside the Group.

COMPANY SECRETARY

Mr. Kwan has been appointed as the Company Secretary with effect from 24 July 2020.

Mr. Kwan has confirmed that he received no less than 15 hours of relevant professional training during the FY2021 pursuant to Rule 5.15 of the GEM Listing Rules.

All members of the Board have access to the advice and services of the Company Secretary. The appointment and removal of the Company Secretary has been/will be subject to the Board's approval.

SHAREHOLDERS' RIGHTS

Procedures for Putting Forward Proposals at Shareholders' Meetings

Shareholders are welcomed to suggest proposals relating to the operations, strategy and/or management of the Group to be discussed at the Shareholders' meeting. Proposals can be sent to the Board or the Company Secretary by written requisition. Shareholders who wish to make proposals or move a resolution may, however, convene an EGM in accordance with the "Procedures for Shareholders to Convene an EGM" set out below.

Procedures for Shareholders to Convene an EGM

Pursuant to Article 58 of the Articles of Association, any one or more Shareholders holding at the date of deposit of the requisition not less than 10% of the paid-up capital of the Company carrying the right of voting at general meetings of the Company (the "**Eligible Shareholder(s)**") shall at all times have the right, by written requisition to the Board or the Company Secretary for the purpose of requiring an EGM to be called by the Board for the transaction of any business specified in such requisition, including making proposals or moving a resolution at the EGM.

Eligible Shareholders who wish to convene an EGM for the purpose of making proposals or moving a resolution at the EGM must deposit a written requisition (the "**Requisition**") signed by the Eligible Shareholder(s) concerned (the "**Requisitionist(s)**") at the headquarters and principal place of business of the Company in Hong Kong (presently at Room C, 15/F, Roxy Industrial Centre, 58-66 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong) for the attention of the Company Secretary.

The Requisition must state clearly the name(s) of the Requisitionist(s) concerned, his/her/their shareholding in the Company, the reason(s) to convene an EGM and the proposed agenda.

The Company will check the Requisition and the identity, and shareholding of the Requisitionist(s) will be verified with the Company's branch share registrar and transfer office in Hong Kong. If the Requisition is found to be proper and in order, the Company Secretary will ask the Board to convene an EGM and/or include the proposal(s) made or the resolution(s) proposed by the Requisitionist(s) at the EGM within two months after the deposit of the Requisition. On the contrary, if the Requisition has been verified as not in order, the Requisitionist(s) will be advised of the outcome, and accordingly, the Board or the Company Secretary will not call for an EGM nor include the proposal(s) made or the resolution(s) proposed by the Requisitionist(s) at the EGM.

If within 21 days of the deposit of the Requisition the Board or the Company Secretary fails to proceed to convene such EGM, the Requisitionist(s) himself/herself/themselves may do so in the same manner, and all reasonable expenses incurred by the Requisitionist(s) as a result of the failure of the Board or the Company Secretary to convene an EGM shall be reimbursed to the Requisitionist(s) by the Company.

Procedures for Shareholders to Send Enquiries to the Board

Shareholders may direct their enquiries about their shareholdings, share transfer/registration or notification of change of their correspondence address or dividend/distribution instructions to the Company's branch share registrar and transfer office in Hong Kong, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong.

Shareholders may send their enquiries and concerns to the Board by post to the headquarters and principal place of business of the Company in Hong Kong at Room C, 15/F, Roxy Industrial Centre, 58-66 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong or by email to mansion@mansionintl.com for the attention of the Company Secretary.

Upon receipt of the enquiries, the Company Secretary will forward the communications relating to:

1. the matters within the Board's purview to the executive Directors;

2. the matters within a Board committee's area of responsibility to the chairman/chairlady of the appropriate committee; and

3. ordinary business matters, such as suggestions, enquiries and client complaints to the appropriate management of the Company.

DIVIDEND POLICY

The Board has approved and adopted a dividend policy on 31 December 2018. It is the policy of the Board, in considering the payment of dividends, to allow Shareholders to participate in the Company's profits whilst retaining adequate reserves for the Group's future growth.

In deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, inter alia, the following factors:

(a) the Group's actual and expected financial performance;

(b) retained earnings and distributable reserves of the Company and each of the members of the Group;

(c) the Group's working capital requirements, capital expenditure requirements and future expansion plans;

(d) the Group's liquidity position;

(e) general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Group; and

(f) any other factors that the Board deems appropriate.

COMMUNICATION WITH THE SHAREHOLDERS

The Company has adopted a Shareholders' communication policy with the objective of ensuring that the Shareholders will have equal and timely access to information about the Company in order to enable the Shareholders to exercise their rights in an informed manner and allow them to engage actively with the Company.

Information will be communicated to the Shareholders through the Company's financial reports, AGMs and EGMs that may be convened as well as all the published disclosures submitted to the Stock Exchange.

CONSTITUTIONAL DOCUMENTS

During the FY2021, there was no change in the constitutional documents of the Company.

Directors' Report

The Directors present their report and the audited Consolidated Financial Statements.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Company's principal subsidiaries are set out in note 37 to the Consolidated Financial Statements.

BUSINESS REVIEW

Further discussion and review on the business activities of the Group as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including a description of the principal risks and uncertainties facing the Group; material events affecting the Group that have occurred since the end of the FY2021; an indication of likely future development in the Group's business; an analysis of the Group's performance during the FY2021 using financial key performance indicators; and an analysis of the Group's key relationships with its key stakeholders that have a significant impact on the Group are contained in the sections headed "Chairman's Statement" on page 3 and "Management's Discussion and Analysis" on pages 4 to 11 of this annual report. Those discussions form part of this report.

Save for stated below, the Company was not aware of any non-compliance with any relevant laws and regulations that had a significant impact on it:

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 AGM held on 30 July 2020 and the EGMs held on 14 September 2020 and 2 March 2021 due to other business engagements. This constitutes a deviation from code provision A.6.7 of the CG Code.

The Company Secretary had reminded the Directors to attend general meetings in future in order to establish effective communications with the Shareholders.

Code provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term and subject to re-election. Mr. Wang, Ms. Wong and Mr. Wu, the INEDs, have no specific term of appointment but is subject to retirement and re-election at the AGM in accordance with the Articles of Association. As such, the Company considers that sufficient measures have been taken to serve the purpose of this code provision.

Following the resignation of Mr. Tan and Mr. Cho as INEDs on 27 April 2021 and 1 June 2021 respectively, (i) the number of both the INEDs and the Audit Committee members fell below the minimum number required under Rules 5.05(1) and 5.28, respectively of the GEM Listing Rules; (ii) the number of INEDs falls below one-third of the Board under Rule 5.05A of the GEM Listing Rules; (iii) the requirement for at least one of the INEDs to have appropriate professional qualifications or accounting or related financial management expertise cannot be met under Rule 5.05(2) of the GEM Listing Rules; (iv) the position of chairman of the Audit Committee is vacant under Rule 5.28 of the GEM Listing Rules; (v) the Remuneration Committee does not comprise of a majority of INEDs and the position of chairman of the Remuneration Committee is vacant under Rule 5.34 of the GEM Listing Rules; and (vi) the Nomination Committee does not comprise of a majority of INEDs and the position of chairman of the Nomination Committee is vacant under code provision A.5.1 of the CG code. The Company has appointed Ms. Wong and Mr. Wu as the INEDs on 28 June 2021. The Company has complied with the above requirements of the GEM Listing Rules after those appointments.

The Group is committed to protecting the environment and maintaining a high standard of corporate social governance. The Group's environmental policy and performance will be shown in the "Environmental, Social and Governance Report" to be published by the Company in a later time.

The Board is not aware of any significant event requiring disclosure that has taken place subsequent to 31 March 2021 and up to the date hereof.

RESULTS AND DIVIDEND

The results of the Group for the FY2021 are set out in the consolidated statement of profit or loss and other comprehensive income on page 43 of this annual report.

The Board has resolved not to recommend the payment of any dividend for the FY2021.

SUMMARY FINANCIAL INFORMATION

A summary of the results and assets and liabilities of the Group for the last five financial years is set out on page 116 of this annual report. This summary does not form part of the audited Consolidated Financial Statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the Group's property, plant and equipment during the FY2021 are set out in note 16 to the Consolidated Financial Statements.

SHARE CAPITAL

Details of the movements in the Company's paid up capital for the FY2021 are set out in note 34 to the Consolidated Financial Statements.

RESERVES

Details of the movements in the reserves of the Group are set out in the consolidated statement of changes in equity on pages 46 and 47 of this annual report.

DISTRIBUTABLE RESERVES

As at 31 March 2021, the Company had no reserve available for distribution, calculated in accordance with the provisions of Companies Law of the Cayman Islands.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new Shares on a pro rata basis to existing Shareholders.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the FY2021, the Company did not redeem its listed securities, nor did the Company or any of its subsidiaries purchase or sell such securities.

EQUITY-LINKED AGREEMENTS

Other than (i) the placing agreement dated 7 August 2020 as set out in the section headed "Fund Raising Activities"; and (ii) the share option scheme of the Company as set out in Note 33 to the Consolidated Financial Statements, no equity-linked agreements that will or may result in the Company issuing Shares or that require the Company to enter into any agreements that will or may result in the Company issuing Shares were entered into by the Company or subsisting during the FY2021.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its Directors, as at the date hereof, there is sufficient public float of not less than 25% of the Company's issued Shares as required under the GEM Listing Rules.

MAJOR CUSTOMERS AND SUPPLIERS

During the FY2021, sales to the Group's five largest customers accounted for approximately 49.7% of the Group's total sales for the FY2021 and sales to the largest customer included therein amounted to approximately 25.8%.

During the FY2021, purchases from the Group's five largest suppliers accounted for approximately 39.1% of the Group's total purchases for the FY2021 and purchases from the Group's largest supplier included therein amounted to approximately 17.8%.

None of the Directors or any of their close associates or any Shareholders (which to the best knowledge of the Directors, own more than 5% of the number of the issued Shares) had any interest in the Group's five largest customers and suppliers.

DONATIONS

During the FY2020, the Group made charitable donations amounting to approximately HK$258,000 (2021: Nil).

DIRECTORS

The Directors who held office during the FY2021 and up to the date hereof are:

Executive Directors

Mr. Cheung Desmond Lap Wai *(Chairman and Acting CEO)*
Mr. Chin Wai Keung Richard (retired on 30 July 2020)
Mr. Kwan Kar Man (appointed on 8 May 2020)
Ms. Luk Sau Kuen *(former Chairlady)* (resigned on 24 April 2020)
Ms. Wong Ka Man (appointed on 17 March 2021)
Mr. Yao Ruhe (appointed on 12 May 2021)

INEDs

Mr. Cho Chi Kong (resigned on 1 June 2021)
Mr. Choi Wing San Wilson (resigned on 25 January 2021)
Mr. Tan Yik Chung Wilson (resigned on 27 April 2021)
Mr. Wang Rongqian (appointed on 25 January 2021)
Ms. Wong Ying Yu (appointed on 28 June 2021)
Mr. Wu Chi King (appointed on 28 June 2021)

Article 83 (3) of the Articles of Association provides that any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of the Shareholders after his/her appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following AGM and shall then be eligible for re-election.

Article 84 of the Articles of Association provides that (1) one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation at each AGM, provided that every Director shall be subject to retirement at an AGM at least once every three years; and (2) a retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he/she retires. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of Directors to retire by rotation) any Director who wishes to retire and not to offer himself/herself for re-election.

Each of Mr. Kwan, Ms. Carmen Wong, Mr. Wang, Ms. Wong, Mr. Wu and Mr. Yao will retire at the forthcoming AGM and all of them, being eligible, will offer themselves for re-election thereat.

INDEPENDENCE OF INEDs

The Company has received, from each of the current INEDs, a confirmation of their independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers that all of the INEDs are independent.

DIRECTORS' SERVICE CONTRACTS

Mr. Cheung and Mr. Kwan, the existing executive Directors, have each entered into a letter of appointment with the Company for an initial term of three years commencing on 7 November 2018 and 8 May 2020 respectively. Ms. Carmen Wong and Mr. Yao, the existing executive Directors, have not entered into any written service contract with the Company but will hold office until the first AGM after their appointment and will be subject to retirement and re-election at such meeting.

Mr. Wang, Ms. Wong and Mr. Wu, the existing INEDs, have not entered into any written service contract with the Company but will hold office until the first AGM after his appointment and will be subject to retirement and re-election at such meeting.

None of the Directors proposed for re-election at the forthcoming AGM has entered into a service agreement or agreement for appointment with the Company or any of its subsidiaries which is not determinable by the employer within one year without the payment of compensation (other than statutory compensation).

BIOGRAPHICAL DETAILS OF DIRECTORS

The biographical details of Directors are disclosed in the section headed "Biographical Details of Directors" on pages 12 to 13 of this annual report.

CHANGES IN DIRECTORS' INFORMATION

Subsequent to the date of the interim report for the six months ended 30 September 2020 of the Company, the changes in the Directors' information as required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules are set out below:

1. Mr. Choi resigned as an INED, chairman of the Remuneration Committee, and a member of each of the Audit Committee and Nomination Committee on 25 January 2021;

2. Mr. Wang was appointed as an INED, chairman of the Remuneration Committee, and a member of each of the Audit Committee and Nomination Committee on 25 January 2021;

3. Mr. Cheung resigned as an Authorised Representative on 7 April 2021;

4. Ms. Carmen Wong was appointed as an executive Director and an Authorised Representative on 17 March 2021 and 7 April 2021 respectively;

5. Mr. Tan resigned as an INED, chairman of the Audit Committee, and a member of each of the Remuneration Committee and Nomination Committee on 27 April 2021;

6. Mr. Yao was appointed as an executive Director on 12 May 2021;

7. Mr. Cho resigned as an INED, chairman of the Nomination Committee, and a member of each of the Audit Committee and Remuneration Committee on 1 June 2021;

8. Ms. Wong was appointed as an INED, and a member of each of the Audit Committee, Nomination Committee and Remuneration Committee on 28 June 2021; and

9. Mr. Wu was appointed as an INED, chairman of the Audit Committee and Nomination Committee and a member of the Remuneration Committee on 28 June 2021.

DIRECTORS', CHIEF EXECUTIVE'S AND FIVE HIGHEST PAID INDIVIDUALS' REMUNERATION

Details of the Directors' emoluments and the five individuals with the highest emoluments are set out in notes 10 and 11 to the Consolidated Financial Statements.

EMOLUMENT POLICY

The Company has established the Remuneration Committee in compliance with the GEM Listing Rules. The primary duties of the Remuneration Committee are to review and make recommendations to the Board on the remuneration policy and other remuneration related matters, including benefits-in-kind and other compensation payable to the Directors and senior management of the Company.

Under the remuneration policy of the Company, the Remuneration Committee will consider factors such as corporate and individual performance, salaries paid by comparable companies, time commitment, responsibilities and employment conditions elsewhere in the Group in assessing the amount of remuneration payable to the Directors and senior management. The Company has adopted a Share Option Scheme as an incentive to selected participants.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No transaction, arrangement or contract of significance in relation to the Group's business to which the Company, or its holding company or any of its subsidiaries or fellow subsidiaries was a party, and in which a Director and his/her connected entity had a material interest, whether directly or indirectly, subsisted at the end of the FY2021 or at any time during the FY2021.

COMPETING INTEREST

None of the Directors or the controlling Shareholder(s) or their respective close associates (as defined under the GEM Listing Rules) has interests in any business apart from the Group's businesses which competes or is likely to compete, either directly or indirectly, with the businesses of the Group during the FY2021 and up to the date hereof.

PERMITTED INDEMNITY PROVISION

The Articles of Association provide that the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty; provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any Director.

The Company has arranged for appropriate insurance covering Directors’ and officers’ liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities.

The permitted indemnity provision and the Directors’ and officers’ liability were in force during the FY2021 and are in force as at the date hereof.

RELATED PARTY TRANSACTIONS

A summary of the related party transactions entered into by the Group during the FY2021 is contained in note 38 to the Consolidated Financial Statements. None of these related party transactions constituted one-off connected transactions or continuing connected transactions, which are required to comply with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

MANAGEMENT CONTRACTS

No contracts, other than the executive Directors’ employment contracts, concerning the Management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the FY2021.

CONTROLLING SHAREHOLDERS’ INTERESTS IN CONTRACTS

No contract of significance (whether for the provision of services to the Group or not) between the Company or any of its subsidiaries and a controlling Shareholder (as defined in the GEM Listing Rules) or any of its subsidiaries subsisted as at the end of the FY2021 or at any time during the FY2021.

TAX RELIEF

The Company is not aware of any relief on taxation available to the Shareholders by reason of their holdings of the Shares. If the Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in or exercising of any rights in relation to the Shares, they are advised to consult their professional advisers.

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

As at 31 March 2021, 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) recorded in the register referred to therein pursuant to Section 352 of the SFO; 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 31 March 2021, 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.

ARRANGEMENTS FOR DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section "Share Option Scheme" below, at no time during the FY2021 or at the end of the FY2021 was the Company, or its holding company or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate.

SHARE OPTION SCHEME

The Company has adopted the Share Option Scheme. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules. As no share option has been granted since the adoption of the Share Option Scheme, there was no share option outstanding as at 31 March 2021 and no share option was exercised, cancelled or lapsed during the FY2021.

Details of the Share Option Scheme are as follows:

1. *Purposes*

   The purpose of the Share Option Scheme is to enable the Company to grant options to selected participants as incentives or rewards for their contribution to the Group.

2. *Eligible participants*

   The eligible participants include any employee, any Directors, any suppliers, any customers, any person or entity that provides research, development or other technological support, any Shareholder, any adviser or consultant of the Company, any of its subsidiaries or any entity in which the Group holds an equity interest, and any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement and growth of the Group.

3. *Total number of Shares available for issue*

   The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the Shares in issue on the day on which dealings in the Shares first commence on GEM. The number of Shares available for issue under the Share Option Scheme is 40,000,000 Shares, representing 10% of the Shares in issue as at 26 January 2018.

4. *Maximum entitlement of each participant*

   The total number of Shares issued and to be issued upon exercise of the options granted under the Share Option Scheme (including both exercised and outstanding options) to each participant in any 12-month period must not exceed 1% of the Shares in issue for the time being (the "**Individual Limit**"). Any further grant of options to a participant in excess of the Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the issue of a circular to the Shareholders and the Shareholders' approval in the general meeting of the Company with such participant and his/her associates abstaining from voting.

   Where any grant of options to a substantial Shareholder or an INED or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant: (i) representing in aggregate over 0.1% of the Shares in issue; and (ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK$5 million, such further grant of options must be approved by the Shareholders.

5. *Period of the Share Option Scheme*

   The Share Option Scheme will remain in force for a period of ten years commencing on 28 December 2017, being the date of adoption of the Share Option Scheme, to 27 December 2027.

6. *Time of acceptance of the offer*

   An option may be accepted by a participant within 21 days from the date of the offer of grant of the option.

7. *Minimum period for which an option must be held before it can be exercised*

   There is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised unless otherwise determined by the Directors and stated in the offer for the grant of options to a grantee.

8. *Consideration for the option*

   A nominal consideration of HK$1 is payable on acceptance of the grant of an option.

9. *Subscription price for Shares*

   The subscription price for the Shares under the Share Option Scheme will be a price determined by the Director, but shall not be less than the highest of: (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the offer of the grant; and (c) the nominal value of a Share.

10. *Transfer or assignment*

    An option is personal to the grantee and shall not be transferable or assignable.

11. *Termination of the Share Option Scheme*

    The Company may by resolution in the general meeting at any time terminate the Share Option Scheme. Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

CORPORATE GOVERNANCE

The Company is committed to adopting corporate governance practices. The Company's corporate governance practices are set out in the Corporate Governance Report on pages 14 to 26 of this annual report.

The compliance officer of the Company is Mr. Cheung whose biographical details are set out on page 12 of this annual report. The Company Secretary is Mr. Kwan, the executive Director and a practising certified public accountant of the Hong Kong Institute of Certified Public Accountants.

AUDIT COMMITTEE

The Audit Committee was established with effect from 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 mainly to make recommendations to the Board on the appointment, re-appointment and removal of external auditors, review the financial statements and material advice in respect of financial reporting, and oversee internal control and risk management procedures of our Group.

The Audit Committee currently comprises three INEDs, namely Mr. Wang, Ms. Wong and Mr. Wu. Mr. Wu is the chairman of the Audit Committee.

The Consolidated Financial Statements and this report have been reviewed by the Audit Committee. No material issues were identified and reported by the Audit Committee to the Board.

INDEPENDENT AUDITOR

The Consolidated Financial Statements have been audited by Jonten Hopkins. Reference is made to the announcement of the Company dated 30 July 2020, the ordinary resolution in respect of the proposed re-appointment of BDO Limited as the auditor of the Company was not passed at the AGM held on 30 July 2020 and the office of the Company's auditor has become vacant with effect from the conclusion of the AGM. After careful consideration, the Board has resolved to appoint Jonten Hopkins as the auditor of the Company on 30 September 2020 to fill the vacancy arising from the retirement of BDO Limited.

A resolution will be proposed at the forthcoming AGM to re-appoint Jonten Hopkins as the auditor of the Company.

By Order of the Board
Mansion International Holdings Limited
Cheung Desmond Lap Wai
Chairman, Acting CEO and Executive Director
Hong Kong, 30 June 2021

Independent Auditor's Report

Jonten Hopkins CPA Limited
中天運浩勤會計師事務所有限公司

TO THE MEMBERS OF MANSION INTERNATIONAL HOLDINGS LIMITED
民信國際控股有限公司

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Mansion International Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as "**the Group**") set out on pages 43 to 115, which comprise the consolidated statement of financial position as at 31 March 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 3 in the consolidated financial statements, which indicates that the Group incurred a net loss of approximately HK$64,845,000 during the year ended 31 March 2021 and, as of that date, the Group's current liabilities exceeded its total assets by approximately HK$19,515,000. As stated in note 3, these events or conditions, along with other matters as set forth in note 3, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Assessment of the going concern basis

We identified the assessment of the going concern basis of accounting adopted by the Group as a key audit matter because the Group incurred a net loss of approximately HK$64,845,000 during the year ended 31 March 2021 and, as of that date, the Group's current liabilities exceeded its total assets by approximately HK$19,515,000.

The directors focus on the liquidity of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to fulfil its financial obligations. As disclosed in note 3 to the consolidated financial statements, the Group has prepared a cash flow forecast which involved judgments and estimations based on management's assumptions of key variables and market conditions.

The cash flow forecast has been determined using estimates of future cash flows based on projections including revenue growth, gross margin, cash settlement pattern, and the proposed fund raising activities.

The Group believes it has sufficient liquidity based on the existing cash resources, proposed fund raising activities and cash flows to be generated from its operations in order to meet its financial obligations.

How our audit addressed the key audit matter

Our procedures in relation to assessment of the appropriateness of key assumptions adopted in the cash flow forecast include:

- Obtaining the cash flow forecasts prepared by management, understanding the major assumptions adopted in the cash flow forecasts and checking arithmetic accuracy of the calculation;
- Comparing the major assumptions such as revenue growth, gross margin, cash settlement pattern to historical results and evaluating their reasonableness in light of current and expected future market conditions;
- Confirming the proposed fund raising plan with reference to the available supporting documents;
- Performing sensitivity test analysis over the key estimates to assess the potential impact of a range of possible outcomes; and
- Evaluating the sufficiency of the disclosure of the going concern assumption by management in the consolidated financial statements.

KEY AUDIT MATTERS (CONTINUED)

Net realisable value of inventories

We identified the impairment assessment of inventories as a key audit matter because the amounts of inventories were significant and the assessment of provision for stock required significant management judgment and involved high level of estimation uncertainty.

The Group makes allowance for inventories based on an assessment of the net realisable value of inventories. Allowances are applied to inventories where events or changes in circumstances indicate that the net realisable value is lower than cost. The management of the Group reviewed the inventory ageing report at the end of the reporting period to identify inventories that are no longer saleable in the market and estimated the net realisable value for those items based primarily on the latest invoice prices and current market conditions.

As at 31 March 2021, the carrying amount of inventories was HK$20,779,000 and write-down of inventories of HK$23,499,000 was charged to profit or loss for the year then ended.

How our audit addressed the key audit matter

Our key procedures in relation to evaluating the impairment assessment of inventories included:

- Obtaining understanding of and evaluating the Group's provision policy on inventories;

- Testing the accuracy of the inventory ageing analysis, on a sampling basis, and analysing the level of the aged inventory and their associated provisions;

- Obtaining the inventory ageing report to identify long aged inventories and assessing whether allowance for inventories was properly provided for; and

- Evaluating net realisable value of inventories, on a sample basis, with reference to subsequent usage and sales information and performing testing, by tracing to the supporting documents.

Valuation of right-of-use assets

We identified the valuation of right-of-use assets as a key audit matter due to the key source of estimation uncertainty and the significant assumptions and judgments involved in the valuation.

As at 31 March 2021, the Group had office premises, warehouse and retail store recorded under right-of-use assets of approximately HK$6,762,000.

The carrying amount of the right-of-use assets is written down to their recoverable amount when the assets carrying amount exceeded their estimated recoverable amount.

KEY AUDIT MATTERS (CONTINUED)

Valuation of right-of-use assets (continued)

Management determined that each retail store is a cash-generating unit and monitors their financial performance for the existence of impairment indicators. Given the adverse impact on the performance of the Group's retail stores as a result of the Covid-19 pandemic, management performed impairment assessments for all the right-of-use assets in Hong Kong.

Management carried out an impairment assessment for the right-of-use assets and concluded that no impairment loss was recognised in the consolidated statement of profit or loss and other comprehensive income for the year. The recoverable amount of such assets is determined by value-in-use calculations using discounted cash flow projections based on the forecasts covering the expected tenure of the lease.

We focused on this area because significant estimation and judgement were involved in determining the recoverable amounts of the relevant right-of-use assets.

How our audit addressed the key audit matter

Our procedures in relation to management's assessment process for the valuation of right-of-use assets include:

- Understanding management's process for identifying impairment indicators and challenging the judgements made by management;

- Obtaining the cash flow forecasts prepared by management, understanding the major assumptions adopted in the cash flow forecasts for each cash-generating unit and checking arithmetic accuracy of the calculation;

- Comparing the major assumptions such as growth rates, budgeted sales and gross margins to historical results and evaluating their reasonableness in light of current and expected future market conditions; and

- Evaluating the sufficiency of the disclosure of the impairment assessment by management in the consolidated financial statements.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement director on the audit resulting in the independent auditor's report is Lo Shung Chi.

Jonten Hopkins CPA Limited
Certified Public Accountants
Lo Shung Chi
Practising certificate number: P06688

Hong Kong
30 June 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2021

	Notes	2021 HK$'000	2020 HK$'000 (Restated)
Continuing operations			
Revenue	6	87,278	183,363
Cost of sales		(48,022)	(116,602)
Gross profit		39,256	66,761
Other income, gains and losses	7	6,747	1,244
Expected credit losses on trade receivables		(225)	(1,876)
Write-down of inventories		(462)	(1,515)
Impairment losses on property, plant and equipment		–	(1,331)
Impairment losses on right-of-use assets, net		–	(7,498)
Selling and distribution costs		(21,953)	(28,911)
Administrative expenses		(32,214)	(54,391)
Finance costs	8	(1,544)	(5,050)
Loss before tax	9	(10,395)	(32,567)
Income tax expense	12	–	(1,053)
Loss for the year from continuing operations		(10,395)	(33,620)
Discontinued operations			
Loss of the year from discontinued operations	13	(54,450)	(26,728)
Loss for the year		(64,845)	(60,348)
Other comprehensive income for the year that may be reclassified subsequently to profit of loss:			
Exchange differences on translation of financial statements of foreign operations		(3,248)	(582)
Total comprehensive income attributable to owners of the Company		(68,093)	(60,930)
Total comprehensive expense attributable to owner of the Company:			
– from continuing operations		(10,564)	(33,786)
– from discontinued operations		(57,529)	(27,144)
		(68,093)	(60,930)
Loss per share:			
From continuing and discontinued operations			
Basic and diluted	15	(1.93)	(2.93)
From continuing operations			
Basic and diluted		(0.31)	(1.63)

Consolidated Statement of Financial Position

As at 31 March 2021

	Notes	2021 HK$'000	2020 HK$'000
Non-current assets			
Property, plant and equipment	16	711	7,099
Right-of-use assets	17	6,762	11,213
Club debentures	18	820	820
Deposits	23	1,015	3,152
		9,308	22,284
Current assets			
Financial assets at fair value through profit or loss ("FVTPL")	19	–	30,755
Inventories	21	20,779	56,626
Trade receivables	22	7,647	10,648
Deposits, prepayments and other receivables	23	9,192	6,296
Tax recoverable		385	–
Pledged bank deposit	24	–	15,000
Cash and bank balances	24	3,417	4,494
		41,420	123,819
Current liabilities			
Trade and bills payables	25	8,901	12,432
Contract liabilities	26	12,975	97
Accruals and other payables	27	12,321	13,007
Bank borrowings	28	–	59,851
Other borrowings	29	11,903	4,783
Lease liabilities	30	7,399	15,928
Provisions	31	16,113	–
Tax payables		631	200
		70,243	106,298
Net current (liabilities) assets		(28,823)	17,521
Total assets less current liabilities		(19,515)	39,805
Non-current liabilities			
Lease liabilities	30	2,239	9,703
Provisions	31	865	554
Loan from a director	32	–	19,767
		3,104	30,024
Net (liabilities) assets		(22,619)	9,781

Consolidated Statement of Financial Position

As at 31 March 2021

	Notes	2021 HK$'000	2020 HK$'000
Equity			
Equity attributable to owners of the Company			
Share capital	*34*	**9,215**	4,615
Reserves		**(31,834)**	5,166
		(22,619)	9,781

The consolidated financial statements on pages 43 to 115 were approved and authorised for issue by the board of directors on 30 June 2021 and are signed on its behalf by:

Mr. Kwan Kar Man	**Mr. Cheung Desmond Lap Wai**
Director	*Director*

Consolidated Statement of Changes in Equity

For the year ended 31 March 2021

	Attributable to owners of the Company							
	Share capital HK$'000 *(Note 34)*	Share premium HK$'000 *(Note (i))*	Capital reserve HK$'000 *(Note (ii))*	Statutory reserve HK$'000 *(Note (iii))*	Other reserve HK$'000 *(Note (iv))*	Exchange reserve HK$'000 *(Note (v))*	Accumulated losses HK$'000	Total equity HK$'000
At 1 April 2019	4,000	57,015	5,987	288	8	1,608	(3,926)	64,980
Loss for the year	–	–	–	–	–	–	(60,348)	(60,348)
Other comprehensive income:								
Exchange difference 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 *(note 34)*	615	5,225	–	–	–	–	–	5,840
Issuing expenses of placing of new shares	–	(109)	–	–	–	–	–	(109)
At 31 March 2020	4,615	62,131	5,987	288	8	1,026	(64,274)	9,781
Loss for the year	–	–	–	–	–	–	(64,845)	(64,845)
Other comprehensive income:								
Exchange difference on translation of financial statements of foreign operations	–	–	–	–	–	(3,248)	–	(3,248)
Total comprehensive expense for the year	–	–	–	–	–	(3,248)	(64,845)	(68,093)
Proceeds from placing of new shares *(note 34)*	4,600	32,200	–	–	–	–	–	36,800
Issuing expenses of placing of new shares	–	(1,107)	–	–	–	–	–	(1,107)
At 31 March 2021	9,215	93,224	5,987	288	8	(2,222)	(129,119)	(22,619)

Consolidated Statement of Changes in Equity

For the year ended 31 March 2021

Notes:

(i) *Share premium*

Share premium is the excess of the proceeds received over the nominal value of the shares of the Company issued at a premium, less the amount of expenses incurred in connection with the issue of the shares.

(ii) *Capital reserve*

The capital reserve represents the capital contribution from the previous shareholders to a subsidiary of the Group.

(iii) *Statutory reserve*

The statutory reserve represents the amount transferred from profit after taxation of the subsidiaries established in the People's Republic of China (the "**PRC**") in accordance with the relevant PRC laws until the PRC statutory reserve reaches 50% of the registered capital of the respective subsidiaries. The statutory reserve can be applied either in setting off the accumulated losses or increasing capital.

(iv) *Other reserve*

The other reserve of the Group represents the difference between the nominal value of the Company's issued shares, pursuant to the reorganisation and the nominal value of the share capital of a subsidiary.

(v) *Exchange reserve*

The exchange reserve represents gains/losses arising on retranslating the net assets of foreign operations into presentation currency.

Consolidated Statement of Cash Flows

For the year ended 31 March 2021

	2021 HK$'000	2020 HK$'000
Cash flows from operating activities		
Loss before taxation		
– From continuing operations	(10,395)	(33,567)
– From discontinued operations	(54,450)	(26,598)
Adjustments for:		
Bank interest income	(5)	(80)
Fair value gain of financial assets at FVTPL	(15)	(1,105)
Gain on disposal of financial assets at FVTPL	(15)	–
Covid-19-related rent concessions	(1,498)	–
Finance costs	2,083	6,144
Expected credit losses on trade receivables	928	1,772
Loss (gain) on disposal of property, plant and equipment	3,597	(32)
Depreciation of property, plant and equipment	2,625	3,246
Depreciation of right-of-use assets	9,819	18,305
Impairment losses on property, plant and equipment	–	5,258
Impairment losses on right-of-use assets	–	13,356
Gain on early termination of lease	(5,961)	–
Gains on disposal of right-of-use assets	(10,082)	–
Write-down of inventories	23,499	9,519
Provision of legal case	14,618	–
Exchange difference	(6)	–
	(25,243)	(2,782)
Decrease in inventories	12,136	21,722
Decrease in trade receivables	2,150	8,907
(Increase) decrease in deposits, prepayments and other receivables	(701)	2,641
Decrease in trade and bills payables	(4,232)	(16,411)
Decrease in provision for long services payments	–	(132)
Decrease in accruals and other payables	(1,512)	(317)
Increase (decrease) in contract liabilities	12,281	(27)
Cash (used in) generated from operations	(5,121)	13,601
Income taxes refunded	–	688
Net cash (used in) generated from operating activities	(5,121)	14,289

Consolidated Statement of Cash Flows

For the year ended 31 March 2021

	2021 HK$'000	2020 HK$'000
Cash flows from investing activities		
Interest received	5	80
Purchases of property, plant and equipment	(724)	(1,223)
Proceeds from disposal of property, plant and equipment	1,046	136
Proceeds from disposal of right-of-use assets	10,860	–
Proceeds from disposal of financial assets at FVTPL	30,770	–
Withdrawal of pledged bank deposits	15,000	–
Net cash from (used) in investing activities	56,957	(1,007)
Cash flows from financing activities		
Repayment to a director	–	(15,003)
Loan from a director	–	19,767
Interest paid	(2,083)	(6,144)
Repayment of bank borrowings	(60,261)	(85,750)
Repayment of other borrowings	(12,900)	–
Proceeds from bank borrowings	–	76,938
Proceeds from other borrowings	–	4,896
Repayment of lease liabilities	(13,342)	(16,495)
Net proceeds from issue of shares by placing	35,693	5,731
Net cash used in financing activities	(52,893)	(16,060)
Net decrease in cash and cash equivalents	(1,057)	(2,778)
Cash and cash equivalents at beginning of year	4,494	7,452
Effect of exchange rate changes on cash and cash equivalents	(20)	(180)
Cash and cash equivalents at end of year, represented by cash and bank balances	3,417	4,494

Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

1. GENERAL INFORMATION

Mansion International Holdings Limited (the "**Company**") was incorporated as an exempted company with limited liability in the Cayman Islands. Its issued shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The address of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

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**").

In the opinion of the directors of the Company, as at 31 March 2020, the immediate and ultimate holding company was Joyful Cat Limited, a company incorporated in the British Virgin Islands (the "**BVI**").

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

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARD ("HKFRS")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the following amendments to HKFRS issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Conceptual framework for financial reporting 2018	Revised Conceptual Framework for Financial Reporting

In addition, the Group has early applied the Amendment to HKFRS 16 *COVID-19-Related Rent Concessions*.

Except as described below, the application of the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the amendments to HKFRSs in the current year had no material impact on the Group's financial position and performance for the current and prior year and/or on the disclosures set out in the consolidated financial statements.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARD ("HKFRS") (CONTINUED)

Amendments to HKFRSs that are mandatorily effective for the current year (Continued)

Impacts on early application of Amendment to HKFRS 16 COVID-19-Related Rent Concessions

The Group has applied the amendment for the first time in the current year. The amendment introduces a new practical expedient for lessees to elect not to assess whether a COVID-19-related rent concession is a lease modification. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 that meets all of the following conditions:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for lease immediately preceding the change;

- any reduction in lease payments affects only payments originally due on or before 30 June 2021;

- there is no substantive change to other terms and condition of the lease.

A lessee applying the practical expedient accounts for change in lease payments resulting from rent concessions the same way it would account for the change applying HKFRS 16 Lease if the changes were not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

The application of the amendment has no impact to the opening accumulated losses at 1 April 2020. The Group has benefited from 9 months waiver of lease payments on several leases in retail stores. The Group has derecognised the part of lease liability that has been extinguished by the forgiveness of lease payments using the discount rate originally applied to these lease respectively, resulting in a decrease in lease liabilities of HK$1,498,000, which has been recognised as variable lease payments in profit or loss for the current year.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARD ("HKFRS") (CONTINUED)

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments[1]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current[1]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020[2]

1 Effective for annual period beginning on or after 1 January 2023.
2 Effective for annual period beginning on or after 1 January 2022.
3 Effective for annual period beginning on or after a date to be determined.
4 Effective for annual period beginning on or after 1 January 2021.

The directors of the Company anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION AND PRESENTATION

Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

3. BASIS OF PREPARATION AND PRESENTATION (CONTINUED)

Basis of measurement (Continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that prices is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are accounted for in accordance with HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 Inventories or value in use in HKAS 36 Impairment of Assets.

In addition, for financial reporting purpose, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

Going concern assumption

The Group continues to adopt the going concern basis in preparing its consolidated financial statements. The Group sustained a loss of approximately HK$64,845,000 (2020: HK$60,348,000) for the year ended 31 March 2021. In addition, the operations of the Group in respect of the OEM business (as defined in note 6) has been deteriorating over the past few years. Starting from January 2020, the Covid-19 pandemic has further unexpectedly hit the operations of the Group's OEM business and significantly affected the OBM business (as defined note 6) which is operated through self-operated retail stores and in department store counters in Hong Kong under the Group's own brand "Mides".

These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern, and therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

3. BASIS OF PREPARATION AND PRESENTATION (CONTINUED)

Going concern assumption (Continued)

In view of these circumstances, the directors of the Company have given careful consideration of the liquidity and future cash flows of the Group in assessing whether the Group will have the ability to continue as a going concern. For this purpose, management has prepared a cash flow forecast covering a period of 12 months from the date of approval of these consolidated financial statements. The forecast has incorporated the latest information obtained by management about the Covid-19 pandemic into the Group's operating cash flows estimation and different possible plans and measures that are available to the Group.

The cash flow forecast is built upon an operational plan that takes account of the following:

(i) Projecting revenue based on the expected development of the OEM business and OBM business, after taking account of the current market condition;

(ii) Estimating gross margin and cash settlement pattern with reference to the historical results; and

(iii) Raising additional working capital of approximately HK$60 million.

After taking account of the above-mentioned measures in the forecast, the directors of the Company are of the opinion that the Group will have sufficient working capital over the forecast period. Accordingly, the directors of the Company considered that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Should the Group be unable to continue as a going concern, adjustments would have to be made to reduce the values of the assets to their net realisable amounts, to provide for any further liabilities which might arise and to classify non-current assets and liabilities as current assets and liabilities respectively. The effects of these potential adjustments have not been reflected in these consolidated financial statements.

Restatements due to discontinued operations

The presentation of comparative information in respect to the consolidated statement of profit or loss and other comprehensive income and the relevant explanatory notes for the year ended 31 March 2020 has been restated in order to disclose the discontinued operations separately from continuing operations.

As the restatements do not affect the consolidated statement of financial position, it is not necessary to disclose comparative information as at 1 April 2020.

4. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are change to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including reattribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in the Group's ownership interests in existing subsidiaries (Continued)

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and, (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations or asset acquisitions

Optional concentration test

Effective from 1 April 2020, the Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The Concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Asset acquisitions

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

Except for certain recognition exemptions, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the *Framework for the Preparation and Presentation of Financial Statements* (replaced by the *Conceptual Framework for Financial Reporting* issued in October 2020).

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations or asset acquisitions (Continued)

Business combinations (Continued)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired lease were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another HKFRS.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations or asset acquisitions (Continued)

Business combinations (Continued)

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the “measurement period” (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group’s previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquire prior to the acquisition date that have previously been recognised in other comprehensive income and measured under HKFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, in known, would have affected the amounts recognised at that date.

Revenue from contracts with customers

The Groups recognise revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from contracts with customers (Continued)

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Groups' performance as the Groups perform;
- the Groups' performance creates and enhances an asset that the customer controls as the Groups perform; or
- the Groups' performance does not create an asset with an alternative use to the Groups and the Groups have an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

Sale of goods

The Group sells goods to customers and sale of consignment. Revenue recognised from sale of goods and consigned goods are recognised at a point in time when the product is transferred to the customers. There is generally only one performance obligation. Payment of the transaction price is due immediately when the customers purchase the good. Discounts to customers are accounted for as reduction of the transactions prices.

Some of the Group's contracts with customers from the sale of goods provides customers a right of return. Normally, these rights of return allow the returned goods to be exchanged with the same goods. Only in extremely cases will be refunded in cash. When the return is refunded in cash, the rights of return give rise to variable consideration. The variable consideration is estimated at contract inception and constrained until the associated uncertainty is subsequently resolved. The application of the constraint on variable consideration increases the amount of revenue that will be deferred. In addition, a refund liability and a right to recover returned goods assets are recognised. Since the amount of return of goods is immaterial, no adjustments have been made as at reporting date.

Unredeemed gift certificate

The Group sells gift certificate to customers for future purchase. The unredeemed gift certificate is recorded as contract liabilities, and reflect the value that is expected to be redeemed, i.e. anticipated breakage. Breakage will need to be estimated considered the guidance on constraining estimates of variable consideration as well as the Group's historical experience with gift certificate. Revenue is recognised in regard to breakage in the proportion of gift certificate redeemed in that period and likely to result in the acceleration of revenue when the possibility of redemption becomes remote.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from contracts with customers (Continued)

Assurance-type warranties

The Group has assurance-type warranty promises to replace a delivered defective products. This type of warranty is not a separate performance obligation, and thus no transaction price is allocated to it. Expected value method is adopted to recognise revenue when a customer obtains control of goods with an estimated warranty provision record for the estimated future warranty cost.

Contract assets and contract liabilities

Contract assets are rights to consideration in exchange for goods that the Company has transferred to a customer when that right is conditional on something in additional to the passage of time.

Contract liabilities are obligations to transfer goods or services to customer for which the Company has received consideration, or for which an amount of consideration is due from the customer.

Interest income

Interest income is accrued on a time basis on the principal outstanding at the applicable interest rate.

Contract costs

Incremental costs of obtaining a contract

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

The Group recognises such costs as an asset if it expects to recover these costs. The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate.

The Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year.

Costs to fulfil a contract

The Group incurs costs to fulfil a contract. The Group first assesses whether these costs qualify for recognition as an asset in terms of other relevant standards, failing which it recognizes an asset for these costs only if they meet all of the following criteria:

(a) the cost relate directly to a contract or to an anticipated contract that the Group can specifically identify;

(b) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

(c) the costs are expected to be recovered.

The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate. The asset is subject to impairment review.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from contracts with customers (Continued)

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contract where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

For advance payments received from customers before the transfer of the associated goods or services in which the Group adjusts for the promised amount of consideration for a significant financing component, the Group applies a discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. The relevant interest expenses during the period between the advance payments were received and the transfer of the associated goods and services are accounted for on the same basis as other borrowings costs.

For contracts where the Group transferred the associated goods or services before payment from customers in which the Group adjusts for the promised amount of consideration for significant financing components, the Group applies a discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. The Group recognises interest income during the period between the payment from customers and the transfer of the associated goods or services.

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assess whether a contract is contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The Groups as lessee

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payment on short-term leases and leases of low-value assets are recognised as expenses on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Groups; and
- an estimate of costs to be incurred by the Groups in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities other than adjustments to lease liabilities resulting from COVID-19-related rent concessions in which the Group applied the practical expedient.

Right-of-use assets in which the Groups are reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Groups present right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The Groups as lessee (Continued)

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. 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.

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;
- amounts expected to be payable under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates as at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period in which the event or condition that triggers the payment occurs. When a lease contract contains a specific clause that provides for rent reduction or suspension of rent in the event that the underlying assets (or any part thereof) are affected by adverse events beyond the control of the Group and the lessor so as to render the underlying assets unfit or not available for use, the relevant rent reduction or suspension of rent resulting from the specific clause is accounted for as part of the original lease and not as a lease modification. Such rent reduction or suspension of rent is recognised in profit or loss in the period in which the event or condition that triggers those payments to occur.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease term has changed in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The Groups as lessee (Continued)

Lease modifications

Except for COVID-19-related rent concessions in which the Group applied the practical expedient, the Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

COVID-19-related rent concessions

In relation to rent concessions that occurred as a direct consequence of the COVID-19 pandemic, the Group has elected to apply the practical expedient not to assess whether the change is a lease modification if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and

- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 if the changes are not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjust recognised in the profit or loss in the period in which the event occurs.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve.

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Borrowing costs

Borrowing costs directly attributable to the acquisition or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognises as expense the related cost for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financing support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under “other income, gains and losses”.

The benefit of a government loan to a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Retirement benefits costs

Payments to the state-managed retirement benefit scheme operated by the government and the Mandatory Provident Fund Scheme are charged as an expense when employees have rendered service entitling them to the contributions.

Short-term and long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of short-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities’ carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Share-based payment

Equity-settled share-based payment transactions

Equity-settled share-based payments to employees and others providing similar service are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of the each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimate, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve. For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share-based payments reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payments reserve will be transferred to accumulated losses.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred taxation.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from the profit before taxation as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years, and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxation is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (Continued)

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

For the purpose of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 *Income Taxes* requirements to right-of-use assets and lease liabilities separately. Temporary differences on initial recognition of the relevant right-of-use assets and lease liabilities are not recognised due to application of the initial recognition exemption. Temporary differences arising from subsequent revision to the carrying amounts of right-of-use assets and lease liabilities, resulting from remeasurement of lease liabilities and lease modifications, that are not subject to initial recognition exemption are recognised on the date of remeasurement or modification.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be used by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Buildings in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no further economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Club debentures

Acquired club debentures are stated at historical cost less accumulated impairment losses, if any. They are measured at the fair value of the consideration given to acquire the club debenture at the time of the acquisition. The club debenture is tested annually for impairment, and whenever there is an indication that it may be impaired.

Impairment on property, plant and equipment, right-of-use assets and club debentures

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and club debentures to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment on property, plant and equipment, right-of-use assets and club debentures (Continued)

The recoverable amount of property, plant and equipment, right-of-use assets, and club debentures are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit ("**CGU**") to which the asset belongs.

In testing a CGU for impairment, corporate assets are allocated to the relevant CGU when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the CGU or group of CGUs to which the corporate asset belongs, and is compared with the carrying amount of the relevant CGU or group of CGUs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGUs. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU or a group of CGUs) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU or a group of CGUs) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Provisions for the expected cost of assurance-type warranty obligations under the relevant contracts with customers for sales are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

Provisions for the costs to restore leased assets to their original condition, as required by the terms and conditions of the lease, are recognised at the date of inception of the lease at the directors' best estimate of the expenditure that would be required to restore the assets. Estimates are regularly reviewed and adjusted as appropriate for new circumstances.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or liabilities at FVTPL are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("**FVTOCI**"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("**ECL**") model on financial assets (including trade receivables, deposits and other receivables, pledged bank deposit and bank balance) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within year after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the receivables, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the receivable is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effect.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at amortised cost

Financial liabilities including trade and bills payables, accruals and other payables, bank borrowings, other borrowings, loan from a director, and lease liabilities are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which described in note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations, that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Going concern basis

These consolidated financial statements have been prepared on a going concern basis, the validity of which is explained in note 3 to the consolidated financial statements.

Key sources of estimate uncertainty

The following are the key assumptions concerning the future, and other sources of estimation uncertainty at the end of the reporting period that may have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Net realisable value of inventories

The Group reviews the carrying value of its inventories to ensure that they are stated at the lower of cost and net realisable value at the end of the reporting period. In assessing net realisable value of the Group's inventories, an estimate of the reliable amount of the inventories on hand is performed by management based on the most reliable evidence available at the time the estimate is made. This represents the value of inventories which are expected to realise as estimated by management. These estimates take into consideration the fluctuations of price or cost, of any inventory on hand that may be realised, directly relating to events occurring after the end of the financial year to the extent that such events confirm conditions existing at the end of the financial year, especially the market condition under the impact of COVID-19. The carrying amount of inventories is disclosed in note 21 to the consolidated financial statements.

Impairment of property, plant and equipment and right-of-use assets

The Group assesses whether there are any indicators of impairment for property, plant and equipment and right-of-use assets at the end of the reporting period. The property, plant and equipment and right-of-use assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. For the purposes of impairment testing, assets are allocated to its respective CGUs. Management judgement is required in the area of asset impairment particularly in assessing: (i) whether the carrying amount of an asset can be supported by the recoverable amount, being the higher of fair value less cost of disposal or value in use; and (ii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Furthermore, the cash flow projections, growth rate and discount rate are subject to greater uncertainties in the current year due to uncertainty on how the Covid-19 pandemic may progress and evolve and volatility in financial markets, including potential disruptions in the Group's retail operations. The carrying amounts of property, plant and equipment and right-of-use assets are disclosed in notes 16 and 17 to the consolidated financial statements respectively.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimate uncertainty (Continued)

Provision of ECL for trade receivables

Trade receivables with significant balances and credit-impaired are assessed for ECL individually. In addition, the Group uses practical expedient in estimating ECL on trade receivable which are not assessed individually using a provision matrix. The provision rates are based on aging of debtors as groupings of various debtors taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in forward-looking information are considered. The provision of ECL is sensitive to changes in estimates. Due to greater financial uncertainty triggered by the Covid-19 pandemic, the Group has increased the expected loss rates in the current year as there is higher risk that a prolonged pandemic could lead to increased credit default rates. The information about the ECL of the Group's trade receivables are disclosed in note 42.

6. REVENUE AND SEGMENT INFORMATION

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:

OEM	OEM business directly to the overseas brand companies or designated sourcing companies mainly located in Hong Kong ("**HK**"), the United Kingdom (the "**UK**") and the United States of America (the "**US**"); and
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 HK, and wholesale in HK, the PRC and Macau.

Segment results represents the loss before tax by each segment and excluding unallocated items analysed in "Other segment information" below. Unallocated expenses mainly included legal and professional fees, repairs and maintenance, telephone expenses, travelling expenses, advertising and promotion and motor vehicles 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 from continuing operations by reportable segments.

Year ended 31 March 2021	OEM HK$'000	OBM HK$'000	Total HK$'000
Revenue recognised at a point in time			
External sales	44,237	43,041	87,278
RESULTS			
Segment results	7,009	(10,310)	(3,301)
Unallocated expenses			(7,094)
Loss before tax			(10,395)

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For the year ended 31 March 2021

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (Continued)

Year ended 31 March 2020	OEM HK$'000 (Restated)	OBM HK$'000 (Restated)	Total HK$'000 (Restated)
Revenue recognised at a point in time			
External sales	117,904	65,459	183,363
RESULTS			
Segment results	(15,899)	(5,946)	(21,845)
Unallocated expenses			(10,722)
Loss before tax			(32,567)

Other segment information

The following is an analysis of the amounts included in the measure of segment information.

Year ended 31 March 2021	OEM HK$'000	OBM HK$'000	Unallocated HK$'000	Total HK$'000
Continuing operations				
Additions of property, plant and equipment	380	177	–	557
Loss on disposal of property, plant and equipment	(1)	(323)	–	(324)
Cost of inventories sold	(44,780)	(3,242)	–	(48,022)
Employee benefit expenses	(6,081)	(14,812)	(1,086)	(21,979)
Depreciation of right-of-use assets	(432)	(9,377)	–	(9,809)
Depreciation of property, plant and equipment	(170)	(957)	(3)	(1,130)
Write-down of inventories	–	(462)	–	(462)
Expenses related to short-term lease	(335)	(499)	–	(834)
Expenses related to low value leases	–	(48)	–	(48)

Year ended 31 March 2020	OEM HK$'000 (Restated)	OBM HK$'000 (Restated)	Unallocated HK$'000 (Restated)	Total HK$'000 (Restated)
Continuing operations				
Additions of property, plant and equipment	25	873	80	978
Gain on disposal of property, plant and equipment	–	–	32	32
Cost of inventories sold	(99,749)	(16,853)	–	(116,602)
Employee benefit expenses	(13,869)	(18,032)	(6,767)	(38,668)
Depreciation of right-of-use assets	(2,606)	(13,999)	–	(16,605)
Depreciation of property, plant and equipment	(317)	(1,530)	(7)	(1,854)
Write-down of inventories	(920)	(595)	(1,515)	
Impairment losses on property, plant and equipment	(660)	(671)	–	(1,331)
Impairment losses on of right-of-use assets	(2,464)	(5,034)	–	(7,498)
Expenses related to short-term lease	(157)	(956)	–	(1,113)
Expenses related to low value leases	(80)	(76)	–	(156)

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For the year ended 31 March 2021

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Other segment information (Continued)

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

	2021 HK$'000	2020 HK$'000 (Restated)
PRC, Macau and Taiwan	2,033	5,258
HK	37,743	65,205
UK	47,502	82,172
US	–	26,939
Others	–	3,789
	87,278	183,363

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

	2021 HK$'000	2020 HK$'000
HK	9,245	15,980
PRC	63	6,304
	9,308	22,284

Information about major customers

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

	2021 HK$'000	2020 HK$'000
Customer A	–	41,664
Customer B	–	24,909
Customer C	22,505	16,272
Customer D	9,236	7,506

Customers A, C and D are located in UK and Customer B is located in US.

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7. OTHER INCOME, GAINS AND LOSSES

	2021 HK$'000	2020 HK$'000 (Restated)
Continuing operations		
Bank interest income	2	78
Government grants	5,184	–
Sundry income	773	178
Commission income	965	–
Fair value gain of financial assets at FVTPL	–	1,105
Gain on disposal of financial assets at FVTPL	15	–
(Loss) gain on disposal of property, plant and equipment	(324)	32
Gain on early termination of leases	1,009	–
Exchange loss, net	(877)	(149)
	6,747	1,244

During the current year, the Group recognised government grants of HK$5,184,469 in respect of Covid-19-related subsidies, all of which relates to Employment Support Scheme provided by the Hong Kong government.

8. FINANCE COSTS

	2021 HK$'000	2020 HK$'000 (Restated)
Continuing operations		
Interests on bank borrowings	314	3,008
Interests on a loan from a director	588	692
Interests on other borrowings	51	154
Interests on lease liabilities	591	1,196
	1,544	5,050

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For the year ended 31 March 2021

9. LOSS BEFORE TAX

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

	2021 HK$'000	2020 HK$'000 (Restated)
Continuing operations		
Directors' remuneration *(note 10)*	1,239	7,043
Employee benefit expenses (excluding the directors' remuneration):		
– Salaries, allowances and other benefits	20,018	30,135
– Pension scheme contributions	722	1,490
Total staff costs	21,979	38,668
Auditor's remuneration	650	800
Cost of inventories recognised as an expenses	48,022	116,602
Depreciation of property, plant and equipment	1,130	1,854
Depreciation of right-of-use assets	9,809	16,605

10. DIRECTORS' REMUNERATION

Directors' remuneration during the year which was included in the staff costs as disclosed in note 9 is as follows:

Year ended 31 March 2021	Fees, salaries, allowances and other benefits HK$'000	Discretionary bonus HK$'000	Pension scheme contributions HK$'000	Total HK$'000
Executive Directors:				
Ms. Luk Sau Kuen *(note (i))*	131	–	2	133
Mr. Cheung Desmond Lap Wai	387	–	3	390
Mr. Chin Wai Keung Richard *(note (ii))*	104	–	–	104
Mr. Kwan Kar Man *(note (iii))*	162	–	–	162
Ms. Wong Ka Man *(note (iv))*	–	–	–	–
Mr. Yao Ruhe *(note (v))*	–	–	–	–
Independent non-executive Directors:				
Mr. Choi Wing San Wilson *(note vi)*	108	–	–	108
Mr. Cho Chi Kong *(note (vii))*	130	–	–	130
Mr. Tan Yik Chung Wilson *(note (viii))*	190	–	–	190
Mr. Wang Rongqian *(note (ix)*	22	–	–	22
	1,234	–	5	1,239

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For the year ended 31 March 2021

10. DIRECTORS' REMUNERATION (CONTINUED)

Year ended 31 March 2020	Fees, salaries, allowances and other benefits HK$'000	Discretionary bonus HK$'000	Pension scheme contributions HK$'000	Total HK$'000
Executive Directors:				
Ms. Luk Sau Kuen *(note (i))*	3,180	–	18	3,198
Mr. Cheung Desmond Lap Wai	1,510	–	18	1,528
Ms. Ho Lai Ying *(note (x))*	1,218	–	18	1,236
Mr. Chin Wai Keung Richard *(note (ii))*	477	–	–	477
Non-executive Director:				
Mr. Char Yat Shan Jonathan *(note (xi))*	39	–	–	39
Independent non-executive Directors:				
Mr. Choi Wing San Wilson *(note (vi))*	180	–	–	180
Mr. Cheung Ping Kwan Timothy *(note (xii))*	15	–	–	15
Mr. Cho Chi Kong *(note (vii))*	150	–	–	150
Mr. Tan Yik Chung Wilson *(note (viii))*	220	–	–	220
	6,989	–	54	7,043

Notes:

(i) Ms. Luk Sau Kuen was re-designated from a non-executive Director to an executive Director on 7 November 2018. Ms. Luk resigned on 24 April 2020.

(ii) Mr. Chin Wai Keung Richard was appointed on 9 November 2019 and resigned on 28 June 2020.

(iii) Mr. Kwan Kar Man was appointed on 8 May 2020.

(iv) Ms. Wong Ka Man was appointed on 17 March 2021.

(v) Mr. Yao Ruhe was appointed on 12 May 2021.

(vi) Mr. Choi Wing San Wilson was resigned on 25 January 2021.

(vii) Mr. Cho Chi Kong was appointed on 1 June 2019 and resigned on 1 June 2021.

(viii) Mr. Tan Yik Chung Wilson was appointed on 1 May 2019 and resigned on 27 April 2021.

(ix) Mr. Wang Rongqian was appointed on 25 January 2021.

(x) Ms. Ho Lai Ying resigned on 1 January 2020.

(xi) Mr. Char Yat Shan Jonathan was appointed on 5 September 2018 and resigned on 17 June 2019.

(xii) Mr. Cheung Ping Kwan Timothy resigned on 30 April 2019.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

11. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid individuals of the Group during the year included one director (2020: four directors) whose remuneration are disclosed in note 10 above. Details of the remuneration, which was less than HK$1,000,000, in respect of the remaining individual are as follows:

	2021 HK$'000	2020 HK$'000
Salaries, allowances and other benefits	4,710	752
Pension scheme contributions	64	18
	4,774	770

During the years ended 31 March 2021 and 2020, no remuneration was paid by the Group to the directors or any of the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

12. INCOME TAX EXPENSE

The amount of taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2021 HK$'000	2020 HK$'000 (Restated)
Continuing operations		
Current – PRC Enterprise Income Tax ("**EIT**")		
– tax for the year	–	(14)
	–	(14)
Deferred tax		
– charge for the year	–	(1,039)
Income tax expense	–	(1,053)

Under the two-tiered profits tax rates regime in Hong Kong profits tax, the first HK$2,000,000 of profits of the qualifying corporation are taxed at 8.25%, and profits above HK$2,000,000 are taxed at 16.5% of the estimated assessable profits for the years ended 31 March 2021 and 2020.

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

12. INCOME TAX EXPENSE (CONTINUED)

The tax expense for the year can be reconciled to the profit before tax for the continuing operations per the consolidated statement of profit or loss and other comprehensive income as follows:

	2021 HK$'000	2020 HK$'000 (Restated)
Loss before taxation from continuing operations	(10,395)	(32,567)
Tax at the applicable tax rate at 16.5% (2020: 16.5%)	(1,715)	(5,373)
Income tax at concessionary rate		
Tax effect of non-taxable income	(1,085)	(218)
Tax effect of non-deductible expenses	1,721	2,292
Tax effect of temporary difference not recognised	65	(374)
Tax loss not recognised	1,052	4,712
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	(38)	14
Income tax expense	–	1,053

13. DISCONTINUED OPERATIONS

During the year, the Group entered into a sale and purchase agreement with an independent third party to dispose a land parcel situated in Zhongshan, the PRC, at a cash consideration of RMB11,000,000 (equivalent to approximately HK$12,286,000). The carrying amount of the land parcel amounted to approximately HK$778,000 and a gain on disposal amounting to approximately HK$10,081,000 was recognised in profit or loss, after netting of the relevant tax charges of approximately HK$1,426,000.

As a result of the completion of the disposal, the manufacturing operation located above the disposed land parcel ceased to operate during the year. In the opinion of the directors, the date of cessation of the manufacturing operation was deemed to be on 31 March 2021.

The results of the discontinued operations for the period from 1 April 2020 to 31 March 2021, which have been included in the consolidated statement of profit or loss and other comprehensive income, were as follows:

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For the year ended 31 March 2021

13. DISCONTINUED OPERATIONS (CONTINUED)

	2021 HK$'000	2020 HK$'000
Revenue	4,634	2,144
Inter-company sales	35,745	106,060
Cost of sales	(57,773)	(105,880)
Gross (loss) profit	(17,394)	2,324
Other income, gains and losses	(639)	(1,745)
(Provision) reversal of expected credit losses on trade receivables	(703)	104
Write-down of inventories	(23,037)	(8,004)
Impairment losses on property, plant and equipment	–	(3,927)
Impairment losses on right-of-use assets	–	(5,858)
Gain on early termination of leases	4,952	–
Gain on disposal of right-of-use assets	10,082	–
Loss on disposals on property, plant and equipment	(3,273)	–
Provision of legal case	(14,618)	–
Administrative expense	(9,281)	(8,398)
Finance costs	(539)	(1,094)
Loss before taxation	(54,450)	(26,598)
Income tax expense	–	(130)
Loss for the year	(54,450)	(26,728)

Loss for the year from discontinued operations includes the followings:

	2021 HK$'000	2020 HK$'000
Additions of property, plant and equipment	167	245
Cost of inventories sold	57,773	105,880
Employee benefit expenses	6,295	8,063
Deprecation of property, plant and equipment	1,495	1,392
Depreciation of right-of-use assets	10	1,700
Write-down of inventories	23,037	8,004
Impairment losses on property, plant and equipment	–	3,927
Impairment losses on of right-of-use assets	–	5,858

During the year, the discontinued operation contributed approximately HK$18,792,000 (2020: HK$898,000) to the Group's net operating cash inflows (2020: outflows), received (2020: paid) approximately HK$199,000 (2020: HK$244,000) in respect of investing activities and paid approximately HK$17,433,000 (2020: HK$850,000) in respect of financing activities.

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For the year ended 31 March 2021

14. DIVIDEND

No dividend was declared and paid during the years ended 31 March 2021 and 2020.

15. LOSS PER SHARE

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

	2021 HK$'000	2020 HK$'000 (Restated)
Loss for the year		
Loss attributable to the owners of the Company for the purposes of basic and diluted profit per share from continuing operations	(10,395)	(33,620)
Loss for the year from discontinued operations	(54,450)	(26,728)
Loss for the year attributed to the owners of the Company	(64,845)	(60,348)

	2021	2020 (Restated)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	33,597,088	20,572,653

No diluted loss per share for both years were presented as there were no potential ordinary shares in issue for both years.

The Company has completed the share consolidation arising from capital reorganisation after the end of the reporting period which is disclosed in details in note 45 to the consolidated financial statements. In calculating loss per share, the weighted average number of shares outstanding during the year ended 31 March 2021 and 2020 were calculated if the share consolidation has been completed at the beginning of each year.

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16. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost:						
As at 1 April 2019	14,776	13,251	29,686	17,041	848	75,602
Additions	–	911	–	232	80	1,223
Disposals	–	(2,837)	(3)	(76)	(160)	(3,076)
Exchange realignment	(904)	(77)	(1,747)	(516)	(26)	(3,270)
As at 31 March 2020	13,872	11,248	27,936	16,681	742	70,479
Additions	–	467	–	77	180	724
Disposals	(14,248)	(6,452)	(27,505)	(8,880)	(142)	(57,227)
Exchange realignment	376	36	733	288	31	1,464
As at 31 March 2021	–	5,299	1,164	8,166	811	15,440
Accumulated depreciation and impairment losses:						
As at 1 April 2019	13,477	9,657	22,720	14,118	638	60,610
Depreciation	–	1,571	646	988	41	3,246
Impairment losses	–	2,094	3,164	–	–	5,258
Disposals	–	(2,837)	(3)	(76)	(56)	(2,972)
Exchange realignment	(811)	(70)	(1,445)	(415)	(21)	(2,762)
As at 31 March 2020	12,666	10,415	25,082	14,615	602	63,380
Depreciation	–	1,289	350	972	14	2,625
Eliminated on disposals	(12,822)	(6,919)	(24,918)	(7,860)	(65)	(52,584)
Exchange realignment	156	224	650	255	23	1,308
As at 31 March 2021	–	5,009	1,164	7,982	574	14,729
Net carrying amount:						
As at 31 March 2021	–	290	–	184	237	711
As at 31 March 2020	1,206	833	2,854	2,066	140	7,099

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For the year ended 31 March 2021

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The above items of property, plant and equipment, after taking into account the residual values, are depreciated on a straight-line basis at the following rates per annum:

Buildings	5–10%
Leasehold improvements	10–50% or over the lease term of the leases
Plant and machinery	33.33–50%
Furniture, fixtures and office equipment	33.33–50%
Motor vehicle	20%

For the year ended 31 March 2020, management identified impairment indicator of certain leasehold improvements, and plant and machinery due to decline in performance in the OEM and OBM businesses. The Group assessed the recoverable amounts of these property, plant and equipment allocated to their respective CGUs and as a result the carrying amounts of these property, plant and equipment were written down to their recoverable amounts. The impairment losses of approximately HK$5,258,000 were recognised in the consolidated statement of profit or loss and other comprehensive income.

For the year ended 31 March 2021, no significant impairment loss on property, plant and equipment is recognised by the Group.

The recoverable amounts of CGUs are determined based on the higher of fair values less cost to disposal and value in use calculation. The recoverable amount of the CGU related to the OEM and OBM businesses has been determined based on value in use calculations. These calculations use cash flow projections based on the most recent financial forecasts approved by the directors of the Company covering the period from one to five years which is assessed with reference to the useful life of the allocated assets. The key assumptions for the cash flow projections are those regarding the discount rates, annual projected revenue over five-year period and growth rates. The Group estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The annual projected revenue over five-year period and growth rates are based on past performance and expectations of market development. The key assumptions used for the cash flow projections of the CGUs related to the OEM and OBM businesses in current year are a discount rate of 12.62% (2020: 13.29%) and 12.62% (2020: 13.26%) respectively.

As at 31 March 2020, a building in the PRC with net carrying amount of approximately HK$986,000 (equivalent to RMB900,766) was pledged to bank for banking facilities granted to the Group. The pledge was released upon the full repayment of borrowings to the bank during the year.

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For the year ended 31 March 2021

17. RIGHT-OF-USE ASSETS

	Office premises HK$'000 *(note (i))*	Warehouse and retail stores HK$'000 *(note (i))*	Other leases HK$'000 *(note (ii))*	Land use right HK$'000 *(note (iii))*	Total HK$'000
As at 31 March 2021					
Carrying amount	**2,397**	**4,365**	**–**	**–**	**6,762**
As at 31 March 2020					
Carrying amount	–	10,423	2	788	11,213
For the year ended 31 March 2021					
Depreciation charge	**199**	**9,609**	**1**	**10**	**9,819**
For the year ended 31 March 2020					
Depreciation charge	–	16,605	1,670	30	18,305
Impairment losses *(note (v))*	–	7,498	5,858	–	13,356

	2021 HK$'000	2020 HK$'000
Expense relating to short-term leases	**991**	1,113
Expense relating to leases of low-value assets	**48**	156
Variable lease payments not included in the measurement of lease liabilities *(note (iv))*	**(1,498)**	–
Total cash outflow for leases	**16,698**	19,127
Additions to right-of-use assets	**6,375**	14,242
Termination of lease	**116**	–

17. RIGHT-OF-USE ASSETS (CONTINUED)

Notes:

(i) The Group has obtained the right to use other properties as offices, warehouses and retail stores through tenancy agreements. The leases typically run for an initial period of two to three years.

The Group leases 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 both years, none of the variable lease payment based on sales generated from the retail stores 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 held land use rights in the PRC. The right of use of the leasehold lands in the PRC were subject to the expiry in 2046. The Group was 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 were 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 varied from time to time and were payable to the relevant government authorities.

As at 31 March 2020, all land use rights were located in the PRC and were pledged to bank for banking facilities granted to the Group. During the year, all these pledges were released upon the full repayment of borrowings to the bank.

During the year, the land use rights were disposed to an independent third party. For details of the disposal, please refer to Note 13 to the consolidated financial statements.

(iv) During the year ended 31 March 2021, lessors of warehouse and retail stores provided rent concessions to the Group through rent reductions ranging from 15% to 100% over 1 to 9 months.

These rent concessions occurred as a direct consequence of Covid-19 pandemic and met all of the conditions in HKFRS 16.46B, and the Group applied the practical expedient not to assess whether the changes constitute lease modifications. The effects on changes in lease payments due to forgiveness or waiver by the lessors for the relevant lease of approximately HK$1,498,000 were recognised as negative lease payments.

(v) For the year ended 31 March 2020, management identified impairment indicator of certain warehouses and retail stores due to decline in performance in the OEM and OBM businesses. The Group assessed the recoverable amounts of these right-of-use assets allocated to their respective CGUs and as a result the carrying amounts of these right-of-use assets were written down to their recoverable amounts. The impairment losses of approximately HK$13,356,000 were recognised in the consolidated statement of profit or loss and other comprehensive income.

For the year ended 31 March 2021, no significant impairment loss on right-of-use assets is recognised by the Group.

The recoverable amounts of CGUs are determined based on the higher of fair values less cost to dispose and value in use calculation. The recoverable amount of the CGU related to the OEM and OBM businesses has been determined based on value in use calculations. These calculations use cash flow projections based on the most recent financial forecasts approved by the directors of the Company covering the period from one to five years which is assessed with reference to the useful life of the allocated assets. The key assumptions for the cash flow projections are those regarding the discount rates, annual projected revenue over five-year period and growth rates. The Group estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The annual projected revenue over five-year period and growth rates are based on past performance and expectations of market development. The key assumptions used for the cash flow projections of the CGUs related to the OEM and OBM businesses in 2021 are a discount rate of 12.62% (2020: 13.29%) and 12.62% (2020: 13.26%) respectively.

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18. CLUB DEBENTURES

As at 31 March 2021 and 2020, the club debentures were stated at cost less accumulated impairment losses, the directors of the Company considered that there was no impairment of the club debentures since the market price less costs to sell were higher than its carrying value.

19. FINANCIAL ASSETS AT FVTPL

In 2018, the Group entered into a life insurance policy with an insurance company to insure a director of the Company. 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 year ended 31 March 2020, the Group had applied to redeem the insurance policy which was redeemed on 9 April 2020. The amount of approximately HK$15,000 in respect of the gain on disposal of the investment in life insurance was recognised as part of "other income, gains and losses" during the year.

As at 31 March 2020, the insurance premium was pledged to a bank to secure bank borrowing facility granted to the Group. The pledge was released upon the full repayment of borrowings to the bank during the year.

20. DEFERRED TAX ASSETS

The following table shows the deferred tax assets recognised by the Group and movements thereon during the current and prior year:

	Credit loss allowance HK$'000	**Accelerated tax depreciation** HK$'000	**Total** HK$'000
As at 1 April 2019	162	906	1,068
Charged to profit or loss	(162)	(906)	(1,068)
As at 31 March 2020 and 2021	–	–	–

As at 31 March 2021, no deferred tax asset has been recognised in respect of the unused tax losses amounting to approximately HK$28,031,000 (2020: HK$28,715,000) due to the unpredictability of future profit streams of the Hong Kong subsidiaries. The unused tax losses do not expire under current tax legislation.

As at 31 March 2021, no deferred tax asset has been recognised in respect of the unused tax losses amounting to approximately HK$55,452,000 (equivalent to RMB47,053,000) (2020: HK$28,927,000 (equivalent to RMB25,549,000)) due to the unpredictability of future profit streams of the PRC subsidiaries. The unused tax losses will expire in five years.

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21. INVENTORIES

	2021 HK$'000	2020 HK$'000
Raw materials	4,760	9,231
Work in progress	6,027	20,540
Finished goods	9,992	26,855
	20,779	56,626

A write-down of inventories of approximately HK$23,499,000 was recognised during the year ended 31 March 2021 (2020: approximately HK$9,519,000).

22. TRADE RECEIVABLES

	2021 HK$'000	2020 HK$'000
Trade receivables, gross	11,357	13,391
Less: allowance for credit losses	(3,710)	(2,743)
Trade receivables, net	7,647	10,648

The following is an aged analysis of trade receivables net of allowance for credit losses presented based on the invoice dates at the end of the reporting period:

	2021 HK$'000	2020 HK$'000
Within 30 days	1,752	6,482
31 days to 120 days	5,315	4,164
121 days to 1 year	572	2
More than 1 year	8	–
	7,647	10,648

As at 31 March 2021, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK$5,080,000 (2020: HK$2,361,000) which are past due as the reporting date. Out of the past due balance HK$2,751,000 (2020: HK$41,000) has been past due 30 days or more and is not considered as in default as the Group considered such balances could be recovered based on repayment history, the financial conditions and the current credit worthiness of each customer. The Group does not hold any collateral over these balances.

Details of impairment assessment of trade receivables are set out in note 42.

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23. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2021 HK$'000	2020 HK$'000
Non-current		
Rental and utilities deposits	1,015	3,152
Current		
Rental and utilities deposits	5,416	4,456
Prepayments	3,597	634
Other receivables	179	1,206
	9,192	6,296

24. PLEDGED BANK DEPOSIT AND CASH AND BANK BALANCES

	2021 HK$'000	2020 HK$'000
Cash at banks	3,380	4,388
Cash in hand	37	106
Cash and bank balance	3,417	4,494
Pledged bank deposit	–	15,000

Bank balances carry interest at market rates which range from 0% to 1.55% per annum (2020: 0% to 0.22%).

As at 31 March 2020, bank deposit of HK$15,000,000 was pledged to bank for bank borrowings. The pledged bank deposit carried fixed interest rate of 0.1% per annum and was released upon settlement of the relevant bank borrowings during the year.

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25. TRADE AND BILLS PAYABLES

	2021 HK$'000	2020 HK$'000
Trade payables	8,901	11,919
Bills payables	–	513
	8,901	12,432

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

	2021 HK$'000	2020 HK$'000
Within 30 days	655	2,752
31 days to 1 year	7,777	9,166
More than 1 year	469	1
	8,901	11,919

26. CONTRACT LIABILITIES

The contract liabilities represented the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied as of each reporting period.

	2021 HK$'000	2020 HK$'000
Billing in advance of sale of goods	12,975	97

The Group also sells gift certificates to the customers who redeems the gift certificates for goods offered at the retail stores. The gift certificates are non-refundable and valid for one year from the date of issue. No contract liabilities were recognised in the consolidated statement of financial position as at 31 March 2021 and 2020, as the amount of contract liabilities in respect of the prepaid gift certificates has no significant impact of the Group's revenue.

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26. CONTRACT LIABILITIES (CONTINUED)

The following is the movement in contract liabilities during the year:

	2021 HK$'000	2020 HK$'000
Balance as at beginning of the year	97	124
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(97)	(124)
Increase in contract liabilities as a result of billing in advance of sale of goods	12,975	97
Balance as at end of the year	12,975	97

The Group has applied the practical expedient to its sales contracts for the production of baby clothing and baby accessories and therefore the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for garment production that had an original expected duration of one year or less.

27. ACCRUALS AND OTHER PAYABLES

	2021 HK$'000	2020 HK$'000
Other payables	3,133	244
Accrued expenses	9,188	12,763
	12,321	13,007

Accrued expenses mainly represented accrued staff costs and commission.

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28. BANK BORROWINGS

	2021 HK$'000	2020 HK$'000
Secured bank loans repayable within one year:		
Revolving loans	–	49,822
Bills of exchange	–	1,574
Term loans	–	–
Bank overdraft	–	8,455
	–	59,851

The above bank borrowings were all fully repaid during the current year.

As at 31 March 2020, bank borrowings bore floating interests from 3.95% to 5.38% per annum. The effective interest rates were ranging from 4.01% to 5.38% per annum.

As at 31 March 2020, the Group's banking facilities and its interest-bearing bank borrowings were secured and guaranteed by:

- the charge over the deposits for HK$15,000,000 or its equivalent in other foreign currencies;
- the investment in life insurance policy 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;
- a building and land use rights owned by a subsidiary of the Company; and
- corporate guarantees from the Company and the subsidiaries of the Company.

As at 31 March 2020, the unutilised banking facilities, including export loans and bank overdrafts amounted to approximately HK$9,900,000 and HK$295,000 respectively.

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29. OTHER BORROWINGS

On 23 October 2019, the Group entered into an agreement with an independent third party to borrow a loan of HK$2,357,000 (2020: HK$2,189,000) (equivalent to RMB2,000,000). The loan is repayable on demand, unsecured and interest-free.

On 3 December 2019, the Group entered into an agreement with an independent third party to borrow a loan of HK$1,179,000 (2020: HK$1,094,000) (equivalent to RMB1,000,000). The loan is repayable on demand, unsecured and interest-free.

On 17 May 2019, the Group entered into an agreement with a director to borrow a loan of HK$20,000,000. The loan which matures on 30 June 2021, is unsecured and the effective interest rate is 4% per annum. On 24 April 2020, the same director has resigned and the outstanding balance of HK$8,367,000 was reclassified to other borrowing.

On 10 October 2019, the Group entered into an agreement with an independent third party to borrow a loan of HK$1,500,000. The loan which matured on 31 December 2020, was unsecured and the effective interest rate was 5% per annum. The loan was fully repaid during the year.

30. LEASE LIABILITIES

	2021 HK$'000	2020 HK$'000
Lease liabilities payable:		
Within one year	7,399	15,928
Within a period of more than one year but not exceeding two years	2,239	6,569
Within a period of more than two years but not exceeding five years	–	3,134
	9,638	25,631
Less: Amount due for settlement with 12 months shown under current liabilities	(7,399)	(15,928)
Amount due for settlement after 12 months shown under non-current liabilities	2,239	9,703

The incremental borrowing rates applied to lease liabilities range from 4.25% to 4.37% (2020: from 4.25% to 5.46%).

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31. PROVISIONS

	2021 HK$'000	2020 HK$'000
Analysed for reporting purpose as:		
Non-current liabilities	865	554
Current liabilities	16,113	–
	16,978	554

	Long service payment HK$'000	Reinstatement cost HK$'000	Litigation HK$'000	Total HK$'000
At 1 April 2020	554	–	–	554
Addition during the year	–	1,450	14,618	16,068
Utilisation of provision	–	(350)	–	(350)
Exchange realignment	–	–	706	706
As at 31 March 2021	554	1,100	15,324	16,978

On 28 April 2021, Mei Li Hua Children Garment Company Limited ("**Mei Li Hua**"), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company, received two arbitral awards made by the Arbitration Court of the Zhongshan City Labour Human Resources Disputes Arbitration Commission on 12 April 2021 and 20 April 2021 respectively, in relation to two claims from 200 employees and 86 employees against Mei Li Hau in Arbitration Court for wages and benefit compensation in the sum totalling approximately RMB11,683,000 (equivalent to approximately HK$13,133,000). After assessment by the management, a full provision was made for the year accordingly.

32. LOAN FROM A DIRECTOR

On 17 May 2019, the Group entered into an agreement with a director to borrow a loan of HK$20,000,000. The loan which matures on 30 June 2021, is unsecured and the effective interest rate is 4% per annum. On 24 April 2020, the same director has resigned and the outstanding balance of HK$8,367,000 was reclassified to other borrowing.

33. SHARE OPTION SCHEME

The Company has adopted a new share option scheme (the "**Share Option Scheme**") on 28 December 2017. A summary of the principal terms of the Share Option Scheme is as follows:

(i) The purpose of the Share Option Scheme is to enable the Group to grant options to the eligible participants as incentives or rewards for their contribution to the Group;

(ii) Share Option Scheme can be granted to eligible participants of the Company, being any eligible employee (including executive director), non-executive director (including independent non-executive director) of the Company or subsidiary; and any invested entity, advisers, consultants and any group classes of participants who contributed of the Company or growth of the Group;

(iii) The maximum number of shares of the Company may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Share Options Schemes and any other share option schemes adopted by the Group shall not exceed 30% of the shares of the Company in issue from time to time;

(iv) Pursuant to the Share Option Scheme, the total number of share which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Group must not in aggregated exceed 10% of the shares of the Company on the day on which dealings in the shares first commence on the Stock Exchange;

(v) The Share Option Scheme must be approved by any of director, chief executive and substantial shareholders of the Company, the total number of share issued and upon exercise of the option and granted under any other share option scheme of the Group (including both exercised and outstanding options) shall not exceed 1% of the share of the Company in issue within twelve month period;

(vi) The period within which the option must be exercised will be specified by the Company at the time of grant. This period must expire no later than ten years from the date of the offer date of the options; and

(vii) The subscription price for the shares of the Company to be issued shall not be less than the highest of: (a) the closing price of the shares as stated in the Stock Exchange's daily quotation sheets on the offer date, (b) the average closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange of Hong Kong Limited for the five business days immediately preceding the offer date granted; and (c) the number or nominal amount of the share of the Company on the date of grant.

For the years ended 31 March 2021 and 2020, the Company had no share option being granted, outstanding, lapsed or cancelled pursuant to the Share Option Scheme.

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34. SHARE CAPITAL

	Number of shares	Amount HK$'000
Authorised ordinary shares of HK$0.01 each:		
As at 1 April 2019, 31 March 2020 and 31 March 2021	2,000,000,000	20,000
Issued and fully paid ordinary shares of HK$0.01 each:		
As at 1 April 2019	400,000,000	4,000
Placing of new shares	61,476,000	615
As at 31 March 2020	461,476,000	4,615
Placing of new shares	460,000,000	4,600
As at 31 March 2021	921,476,000	9,215

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.

On 16 October 2020, the Company issued 460,000,000 new shares at a price of HK$0.08 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$35,693,000.

The abovementioned newly issued shares rank pari passu with the existing shares in all respects.

35. RESERVES

Details of the movements of the Group's reserves for the years ended 31 March 2021 and 2020 are presented in the consolidated statement of changes in equity. Movements on the Company's reserves are as follows:

The Company	Share premium HK$'000	Accumulated losses HK$'000	Total HK$'000
As at 1 April 2019	57,023	(50,773)	6,250
Loss for the year	–	(20,193)	(20,193)
Placing of new shares	5,116	–	5,116
As at 31 March 2020	62,139	(70,966)	(8,827)
Loss for the year	–	(8,552)	(8,552)
Placing of new shares	31,093	–	31,093
As at 31 March 2021	93,232	(79,518)	13,714

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36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2021 HK$'000	2020 HK$'000
Non-current asset			
Investments in subsidiaries		8	8
Current assets			
Deposits, prepayments and other receivables		2,290	156
Amounts due from subsidiaries		31,557	18,868
Cash and bank balances		17	54
		33,864	19,078
Current liabilities			
Other payables		2,576	2,031
Amounts due to subsidiaries *(note)*		–	–
Other borrowings		–	1,500
		2,576	3,531
Net current assets		31,288	15,547
Total assets less current liabilities		31,296	15,555
Non-current liability			
Loan from a director		8,367	19,767
Net assets (liabilities)		22,929	(4,212)
Equity			
Share capital	*34*	9,215	4,615
Reserves	*35*	13,714	(8,827)
Total equity		22,929	(4,212)

Note: The nominal value of the amounts due to subsidiaries is HK$1.

On behalf of the board of directors

Mr. Kwan Kar Man
Director

Mr. Cheung Desmond Lap Wai
Director

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For the year ended 31 March 2021

37. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the Company's subsidiaries as at 31 March 2021 and 2020 are as follows:

Name	Place of incorporation/ establishment and kind of legal entity	Place of operation and principal activity	Issued ordinary share capital/ registered capital	Percentage of equity attributable to the Company	
				2021	2020
Directly owned subsidiaries:					
Mansion Success Holdings Limited	Incorporated in BVI, limited liability company	HK, Investment holding	US$1,000	100%	100%
LFC Partners Limited	Incorporated in BVI, limited liability company	HK, Investment holding	HK$1	100%	100%
Indirectly owned subsidiaries:					
Mantex Supplies Company Limited	Incorporated in HK, limited liability company	HK, Wholesale of children wear	HK$694,000	100%	100%
Martex International Limited	Incorporated in HK, limited liability company	HK, Investment holding	HK$1,009,900	100%	100%
Babies Trendyland Limited	Incorporated in HK, limited liability company	HK, Trading of children wear	HK$1,000,000	100%	100%
Babies SPHC Limited#	Incorporated in HK, limited liability company	HK, Trading of children wear	HK$300,000	100%	–
Mi'Des Associated Partners Limited	Incorporated in BVI, limited liability company	HK, Inactive	US$2	100%	100%
Mei Li Hua Children Garment Company Limited *	Incorporated in PRC, limited liability company	PRC, Manufacturing of children wear	RMB15,082,206	100%	100%
Nanjing Youyue Trading Company Limited *	Incorporated in PRC, limited liability company	PRC, Trading of children wear	RMB1	100%	100%

* English translated name is for identification purpose only.

This subsidiary was newly incorporated by the Company on 11 January 2021.

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

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38. RELATED PARTY TRANSACTIONS

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

(i) Related party transactions

	2021 HK$'000	2020 HK$'000
Interest on a loan from a director	51	692

(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 year are set out in note 10 to the consolidated financial statements.

39. NOTES SUPPORTING STATEMENT OF CASH FLOWS

(i) Cash and cash equivalents comprise:

	2021 HK$'000	2020 HK$'000
Cash and cash equivalents comprise:		
Cash and bank balances	3,417	4,494

(ii) Reconciliation of liabilities arising from financing activities:

The table below details changes in the Group's liabilities arising from financing activities. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows from financing activities.

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39. NOTES SUPPORTING STATEMENT OF CASH FLOWS (CONTINUED)

(ii) Reconciliation of liabilities arising from financing activities: (Continued)

	Bank borrowings HK$'000	Other borrowings HK$'000	Loan from a director HK$'000	Lease liabilities HK$'000	Amount due to a director HK$'000	Total HK$'000
As at 1 April 2019	69,560	–	–	29,708	15,003	114,271
Changes from cash flows:						
Proceeds from bank borrowings	76,938	–	–	–	–	76,938
Repayment of bank borrowings	(85,750)	–	–	–	–	(85,750)
Borrowing costs paid	(3,731)	(154)	(692)	–	–	(4,577)
Proceeds from other borrowings	–	4,896	–	–	–	4,896
Capital element of finance lease rentals paid	–	–	–	(16,495)	–	(16,495)
Interest element of finance lease rentals paid	–	–	–	(1,567)	–	(1,567)
Advance from a director	–	–	19,767	–	–	19,767
Repayment to a director	–	–	–	–	(15,003)	(15,003)
	(12,543)	4,742	19,075	(18,062)	(15,003)	(21,791)
Exchange adjustment	(897)	(113)	–	–	–	(1,010)
Other changes:						
Interest expenses	3,731	154	692	1,567	–	6,144
Modification of HKFRS 16	–	–	–	(1,824)	–	(1,824)
Additional of HKFRS 16	–	–	–	14,242	–	14,242
	3,731	154	692	13,985	–	18,562
As at 31 March 2020	59,851	4,783	19,767	25,631	–	110,032

Notes to the Consolidated Financial Statements

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39. NOTES SUPPORTING STATEMENT OF CASH FLOWS (CONTINUED)

(ii) Reconciliation of liabilities arising from financing activities: (Continued)

	Bank borrowings HK$'000	Other borrowings HK$'000	Loan from a director HK$'000	Lease liabilities HK$'000	Amount due to a director HK$'000	Total HK$'000
Changes from cash flows:						
Repayment of bank borrowings	(60,261)	–	–	–	–	(60,261)
Borrowing costs paid	(539)	(674)	(51)	–	–	(1,264)
Repayment of other borrowings	–	(12,900)	–	–	–	(12,900)
Capital element of finance lease rentals paid	–	–	–	(13,342)	–	(13,342)
Interest element of finance lease rentals paid	–	–	–	(819)	–	(819)
Reclassification	–	19,767	(19,767)	–	–	–
	(60,800)	6,193	(19,818)	(14,161)	–	(88,586)
Exchange adjustment	410	253	–	159	–	822
Other changes:						
Interest expenses	539	674	51	819	–	2,083
Modification of HKFRS 16	–	–	–	(160)	–	(160)
Additional of HKFRS 16	–	–	–	4,925	–	4,925
Termination of lease	–	–	–	(6,077)	–	(6,077)
Covid-19-related rent concessions	–	–	–	(1,498)	–	(1,498)
	539	674	51	(1,991)	–	(727)
As at 31 March 2021	–	11,903	–	9,638	–	21,541

40. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The following table shows the carrying amount and fair value of financial assets and liabilities:

	2021 HK$'000	2020 HK$'000
Finance assets		
At FVTPL	–	30,755
At amortised cost:		
Trade receivables	7,647	10,648
Deposits and other receivables	6,610	8,814
Pledged bank deposit	–	15,000
Cash and bank balances	3,417	4,494
	17,674	38,956
	17,674	69,711

	2021 HK$'000	2020 HK$'000
Finance liabilities		
At amortised cost:		
Trade and bills payables	8,901	12,432
Accruals and other payables	12,321	13,007
Bank borrowings	–	59,851
Other borrowings	11,903	4,783
Loan from a director	–	19,767
Lease liabilities	9,638	25,631
	42,763	135,471

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41. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair value of financial assets and financial 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:

Financial assets measured at fair value on a recurring basis

	Fair value measurement using			
As at 31 March 2020	Quoted price in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Recurring fair value measurement for:				
Financial assets at FVTPL	–	30,755	–	30,755

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

For the year ended 31 March 2020, there were no transfers of fair value measurements between level 1 and Level 2 and no transfers into or out of Level 3.

42. FINANCIAL RISK MANAGEMENT

The main risks arising from the Group's financial instruments include interest rate risk, credit risk, liquidity risk and foreign currency risk. The Group has no significant exposures to other financial risks except as disclosed below. The directors of the Company review and agree policies for managing each of these risks and they are summarised below.

(i) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to lease liabilities, other borrowing and loan from a director. The Group is also exposed to cash flow interest rate risk in relation to variable rate bank balances and bank borrowings. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank borrowings. The Group aims at keeping borrowings at variable rates. The Group managements its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook.

Total interest income from financial assets that are measured at amortised cost and total interest expense on financial liabilities not measured at FVTPL are disclosed in note 7 and 8 to these consolidated financial statements respectively.

42. FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Interest rate risk (Continued)

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 100 basis point (2020: 100 basis point) increase or decrease in variable rate bank borrowings are used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points (2020: 100 basis point) higher/lower and all other variables were held constant, the Group's post-tax loss for the year ended 31 March 2021 would increase/decrease by approximately nil (2020: HK$500,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate bank borrowings.

(ii) Credit risk and impairment assessment

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's maximum exposure to credit risk is the carrying amounts of bank balances, pledged bank deposit, trade receivables, deposits and other receivables.

For the operation and management of retail stores, the Group has no significant concentrations of credit risk. Most of the sales transactions were settled in cash basis and by credit card payment. Credit terms are only offered to corporate customers with whom the Group has established an ongoing relationship.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers and the Group regularly follows up on receivables outstanding beyond their stipulated time threshold for payments. The Group does not require collateral in respect of financial assets.

Exposure to credit risk

At the end of each reporting period, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the consolidated statement of financial position.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. At the end of reporting period, the Group has a certain concentration of credit risk as 16.3% (2020: 24.7%) and 67.6% (2020: 76.7%) of the trade receivables was due from the Group's largest customer and the five largest customers respectively with the OBM and OEM businesses.

Trade receivables

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECL, which is calculated using a provision matrix, or on an individual basis.

As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

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42. FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Credit risk and impairment assessment (Continued)

Trade receivables (Continued)

The following table provides information about the Group's exposure to credit risk and ECL for trade receivables under the simplified approach:

As at 31 March 2021:

		Gross carrying amount HK$'000	ECL HK$'000	Net carrying amount HK$'000
Not past due	0.82%	2,588	(21)	2,567
Less than 30 days past due	1.36%	2,361	(32)	2,329
31–120 days past due	16.32%	2,531	(413)	2,118
121 days – 1 year past due	49.34%	1,249	(616)	633
More than 1 year past due	100%	–	–	–
Total		8,729	(1,082)	7,647

As at 31 March 2020:

		Gross carrying amount HK$'000	ECL HK$'000	Net carrying amount HK$'000
Not past due	0.88%	7,397	(65)	7,332
Less than 30 days past due	8.75%	2,025	(177)	1,848
31–120 days past due	44.58%	75	(34)	41
121 days – 1 year past due	83%	–	–	–
More than 1 year past due	100%	1,040	(1,040)	–
Total		10,537	(1,316)	9,221

Expected loss rates are based on actual loss experience in the past. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. The Group closely monitors the financial standing of these debtors on a going basis to ensure that the Group is exposed to minimal credit risk.

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42. FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Credit risk and impairment assessment (Continued)

Trade receivables (Continued)

In addition, if there is evidence indicating the trade receivables are credit-impaired, the Group shall measures loss allowances for trade receivables on an individual basis. As at 31 March 2021, credit-impaired debtors with gross carrying amount of HK$2,628,000 (2020: HK$2,854,000) was assessed individually. Loss allowance of HK$2,628,000 (2020: HK$1,427,000) is recognised as at 31 March 2021 and ECL of HK$1,162,000 (2020: HK$1,427,000) is recognised during the year ended 31 March 2021.

The following table shows the movement in loss allowance that has been recognised for trade receivables under simplified approach and on an individual basis.

	Lifetime ECL Non-credit impaired HK$'000	Lifetime ECL Credit-impaired HK$'000	Total HK$'000
At 1 April 2019	979	–	979
– Impairment losses recognised	345	1,427	1,772
– Exchange alignment	(8)	–	(8)
At 31 March 2020	1,316	1,427	2,743
– Impairment losses recognised	806	769	1,575
– Impairment losses reversed	–	(647)	(647)
– Transferred to credit-impaired	(1,040)	1,040	–
– Exchange alignment	–	39	39
At 31 March 2021	1,082	2,628	3,710

Deposits and other receivables

The Group determines ECL for deposits paid and other receivables based on 12-month ECL which take into account the historical default experiences and forward-looking information, as appropriate, for example, the Group considers the consistently low historical default rates of counterparties. It is concluded that credit risk inherent in the Group's outstanding deposits paid and other receivables are insignificant. The Group has assessed that deposits paid and other receivables do not have a significant increase in credit risk since initial recognition and risk of default is insignificant, therefore the ECL for these deposits paid and receivables were immaterial under the 12-month ECL method and no loss allowance was recognised during both years.

Cash at bank and pledged bank deposit

The Group's bank deposits were deposited with major financial institutions in Hong Kong and the PRC, which management believes are of high-credit-quality without significant credit risk.

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42. FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 5 years HK$'000
At 31 March 2021				
Trade and bills payables	8,901	8,901	8,901	–
Accruals and other payables	12,122	12,122	12,122	–
Bank borrowings	199	199	199	–
Other borrowings	11,903	11,903	11,903	–
Lease liabilities	9,638	9,937	7,653	2,284
	42,763	43,062	40,778	2,284

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 5 years HK$'000
At 31 March 2020				
Trade and bills payables	12,432	12,432	12,432	–
Accruals and other payables	13,007	13,007	13,007	–
Bank borrowings	59,851	61,831	61,831	–
Other borrowings	4,783	4,783	4,783	–
Loan from a director	19,767	20,756	791	19,965
Lease liabilities	25,631	26,941	16,768	10,173
	135,471	139,750	109,612	30,138

42. FINANCIAL RISK MANAGEMENT (CONTINUED)

(iv) Foreign currency risk

The Group mainly operates in HK and the PRC and most of its business transactions, assets and liabilities are principally denominated in HK$, US$ and RMB. Most of its sales proceeds were received in US$ and HK$, and most of the purchases are conducted in HK$, US$ and RMB. Most of its production costs, such as wages are incurred in RMB. HK$ is pegged with US$, thus foreign exchange exposure of US$ is considered as minimal.

The carrying amounts of the Group's RMB denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2021 HK$'000	2020 HK$'000	**2021 HK$'000**	2020 HK$'000
RMB	**412**	1,568	**17,152**	36,989

Sensitivity analysis

The following table details the Group's sensitivity to a 5% (2020: 5%) increase and decrease in HK$ against RMB. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in post-tax loss for the year where HK$ strengthen 5% against RMB. For a 5% weakening of HK$ against RMB, there would be an equal and opposite impact on the loss for the year and the amounts below would be negative.

	2021 HK$'000	2020 HK$'000
RMB	**(699)**	(1,479)

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43. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, accumulated losses and other reserves.

The management reviews the capital structure on a regular basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on the recommendations of the management, the Group will balance its overall capital structure through the new shares issues as well as the issue of new debt or the redemption of existing debt.

44. CONTINGENT LIABILITIES

As at 31 March 2021, the Group had no material contingent liabilities (31 March 2020: nil)

45. EVENTS AFTER THE REPORTING PERIOD

Pursuant to an ordinary resolution passed at the special general meeting on 15 June 2021, the shareholders of the Company approved the capital reorganisation whereby every 20 issued and unissued shares of HK$0.01 were consolidated into 1 consolidated share of HK$0.2. Immediately upon the share consolidation became effective, and assuming no further Existing Shares will be issued or repurchased from at the date of the Share Consolidation, the authorised share capital of the Company shall be HK$20,000,000 divided into 100,000,000 Consolidated Shares of par value HK$0.2 each, of which 46,073,800 Consolidated Shares have been issued as fully paid or credited as fully paid.

Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years are set out below.

CONSOLIDATED RESULTS

	Year ended 31 March				
	2021 HK$'000	2020 HK$'000	2019 HK$'000	2018 HK$'000	2017 HK$'000
Revenue	**87,278**	183,363*	230,825	265,768	335,810
Loss before tax	**(10,395)**	(32,567)	(18,928)	(1,267)	12,244
Listing expenses	**–**	–	–	15,280	2,129
Adjusted (loss) profit before tax (excluding listing expenses)	**(10,395)**	(32,567)*	(18,928)	14,013	14,373
Income tax (expense) credit	**–**	(1,053)*	159	(2,997)	(1,975)
Net (loss) profit for the year (excluding listing expenses)	**(10,395)**	(33,620)	(18,769)	11,016	12,398
Net (loss) profit from ordinary activities for the year	**(64,845)**	(60,348)	(18,769)	(4,264)	10,269
Continuing operations	**(10,395)**	(33,620)	–	–	–
Discontinued operations	**(54,450)**	(26,728)	–	–	–

* *Comparative figures for the year ended 31 March 2020 were restated as a result of the discontinued operation mentioned in note 13 to the consolidated financial statements.*

CONSOLIDATED ASSETS AND LIABILITIES

	Year ended 31 March				
	2021 HK$'000	2020 HK$'000	2019 HK$'000	2018 HK$'000	2017 HK$'000
Non-current assets	**9,308**	22,284	53,654	52,130	21,966
Current assets	**41,420**	123,819	140,160	126,418	124,027
Current liabilities	**(70,243)**	(106,298)	(128,148)	(91,590)	(100,240)
Net current (liabilities) assets	**(28,823)**	17,521	12,012	34,828	23,787
Non-current liabilities	**(3,104)**	(30,024)	(686)	(882)	(1,457)
Net (liabilities) assets	**(22,619)**	9,781	64,980	86,076	44,296