



**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



# 2024/25 Annual Report



## Your Baby Our Vision

以愛編織 快樂未來



**CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE” AND “GEM”, RESPECTIVELY)**

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

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

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



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# Corporate Information

## BOARD OF DIRECTORS

### *Executive Directors*

Mr. Yao Ruhe (*Chairman*)  
Ms. Kam Chun Fong  
Ms. Zuo Yu (appointed on 7 October 2024)  
Ms. Wong Ka Man (resigned on 7 October 2024)

### *Independent Non-executive Directors*

Mr. Lang Yonghua  
Ms. Wong Ying Yu  
Mr. Wu Chi King

## BOARD COMMITTEES

### *Audit Committee*

Mr. Wu Chi King (*Chairman*)  
Mr. Lang Yonghua  
Ms. Wong Ying Yu

### *Remuneration Committee*

Mr. Lang Yonghua (*Chairman*)  
Ms. Wong Ying Yu  
Mr. Wu Chi King

### *Nomination Committee*

Mr. Wu Chi King (*Chairman*)  
Mr. Lang Yonghua  
Ms. Wong Ying Yu

## COMPANY SECRETARY

Mr. Tse Fung Chun

## AUTHORISED REPRESENTATIVES

Mr. Tse Fung Chun  
Ms. Zuo Yu (appointed on 7 October 2024)  
Ms. Wong Ka Man (resigned on 7 October 2024)

## INDEPENDENT AUDITOR

McMillan Woods (Hong Kong) CPA Limited  
24/F., Siu On Centre,  
188 Lockhart Road,  
Wan Chai, Hong Kong

## BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Union Registrars Limited  
Suites 3301-04, 33/F.,  
Two Chinachem Exchange Square,  
338 King's Road, North Point,  
Hong Kong

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 204, 2/F., Empire Court,  
2-4 Hysan Avenue, Causeway Bay,  
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](http://www.mansionintl.com)

## STOCK CODE

8456



## Chairman's Statement

Dear Shareholders,

The year ended 31 March 2025 (the “FY2025”) has continued to be a tough and challenging year for the Company. The global economic uncertainties will continue to affect production, demand, and retail throughout the world in the foreseeable future, affecting the sale of baby and children garments businesses in the 2024 and 2025.

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. We also aim to increase collaboration 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 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.

Despite the uncertainties and challenges the Group faces this year, the Group foresees that global economy will be getting better in the coming years. We shall continue to actively explore all suitable investment opportunities to diversify the Group's business horizons and will work hard to strengthen overall business development in order to generate better financial returns and 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.

**Yao Ruhe**

*Chairman*

Hong Kong, 30 June 2025



# Management Discussion and Analysis

## BUSINESS REVIEW

The Group is principally engaged in the sale of baby and children garments. In 2024/2025, economic weakness and low consumer sentiment in Hong Kong had created significant challenges for the Hong Kong retail market. Together with the trend of cross-border spending and changing consumption patterns has led to a noticeable decline in the spendings by customers. The change, coupled with weakened consumer sentiment and economic uncertainties, posed challenges for the retail market in Hong Kong. As such, the Group has recorded a decrease in revenue for the year ended 31 March 2025 (the “Year”) by approximately HK\$18.5 million, as compared to the Corresponding Year. Despite the uncertainties and challenges the Group faces this year, the Group foresees that our business performance will be getting better in year 2024/2025 as a result of the Group implemented several strategic initiatives, including but not limited to the menu innovation and operational streamlining.

## FINANCIAL REVIEW

### Revenue

The Group’s revenue decreased by approximately 26.5% to approximately HK\$51.4 million for the Year as compared to that of approximately HK\$69.8 million for the year ended 31 March 2024 (the “Corresponding Year”). The revenue of the Group’s business decreased was mainly due to the decrease in willingness of spending by the consumers.

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

The Group’s cost of sales decreased by approximately 22.0% to approximately HK\$43.2 million for the Year as compared to that of approximately HK\$55.4 million for the Corresponding Year which is due to the lower cost of materials and overhead incurred during the Year. The Group’s gross profit decreased by approximately 43.7% to approximately HK\$8.2 million for the Year as compared to that of approximately HK\$14.5 million for the Corresponding Year, resulting from the decrease in the Group’s revenue and the Group’s gross profit margin also decreased from 20.8% to 15.9% for the Year.

### Expenses

The Group’s selling and distribution costs decreased by approximately 25.8% to approximately HK\$5.4 million for the Year as compared to those of approximately HK\$7.3 million for the Corresponding Year. The Group’s administrative and other expenses decreased by approximately 38.0% to approximately HK\$7.0 million for the Year as compared to those of approximately HK\$11.2 million for the Corresponding Year. 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 increased by approximately 9.2% to approximately HK\$556,000 during the Year as compared to those of approximately HK\$509,000 for the Corresponding Year. The increase in finance cost due to the increase of interests on lease liabilities during the Year.





# Management Discussion and Analysis

## Loss before tax

The Group's loss before tax increased by 5.9% to approximately HK\$4.8 million for the Year as compared to that of approximately HK\$4.6 million for the Corresponding Year. Such increase was mainly due to the decreased in gross profit of approximately HK\$6.3 million for the Year as compared to the Corresponding Year while offset by the decrease in selling and distribution cost and administrative expenses of approximately HK\$6.2 million for the Year as compared with the Corresponding Year.

## DIVIDEND

The Board has resolved not to declare the payment of any dividend for the Year (2024: Nil).

## OUTLOOK

Looking forward, the persistently tense economic, trade and political relations between the PRC and the US, geopolitical tensions, and global financial market volatility also continue to warrant attention. The business performance is thus expected to remain under pressure in the coming year and will remain very difficult in the near term amid the deep economic recession.

In view of present economic uncertainty and difficulties, the Group is reviewing its existing assets structure and business strategies and may make adjustment to our existing assets structure, with the aim to consolidate our resources, so as to be flexibly prepared for uncertainties in the future. At the same time, the Group will strictly adhere to its cost control policy and swiftly adjust business strategies of our business in response to ever-changing market dynamics.

Even though the past years were very tough for the Group's retail operations, the Group has made certain important strategic moves such as adjusting our product portfolio in a timely manner in response to the changes in customer preferences and latest market trends. Besides our signature own brand "**Mides**", the Group is gradually increasing its sales efforts on its other brands such as "**All I Adore**" and other complementary third party brands. Looking forward, the Group intend to maintain a sustainable and profitable retail business and will progressively develop its online and social media distribution channels to fuel its future growth.

Looking ahead to 2024/2025, the Group will actively explore all suitable investment opportunities to diversify the Group's business horizons and will work hard to strengthen overall business development in order to generate better financial returns for shareholders.



# Management Discussion and Analysis

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group's sources of funds were mainly cash generated from operations. As at 31 March 2025, the Group had cash and bank balances of approximately HK\$0.3 million (31 March 2024: approximately HK\$4.4 million). As at 31 March 2025, the Group's other borrowings amounted to approximately HK\$11.6 million (31 March 2024: approximately HK\$11.7 million). The Group's other borrowings are unsecured, repayable on demand and denominated in Hong Kong Dollars, and bear interest from 4% to 5% (31 March 2024: 4% to 5%) per annum. As at 31 March 2024, the amounts due to directors amounted to approximately HK\$0.2 million which is unsecured, no interests and repayable on demand.

The current ratio was 1.0 as at 31 March 2025 (31 March 2024: 1.1) and the gearing ratio was approximately 14.0 as at 31 March 2025 (31 March 2024: 2.1).

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.

The Group did not use any financial instruments for hedging purposes during FY2025 (FY2024: Nil). As at 31 March 2025, the share capital and equity attributable to owner of the Company amounted to approximately HK\$42.3 million and HK\$0.9 million respectively (31 March 2024: share capital and equity attributable to owner of the Company of HK\$42.3 million and HK\$5.8 million respectively).

Details of the capital risk management are set out in note 38 to the consolidated financial statements of the Group for FY2025 (the "**Consolidated Financial Statements**").

## CAPITAL COMMITMENTS

Save as disclosed in this report, the Group did not have any significant capital commitments as at 31 March 2025 (31 March 2024: Nil).

## CHARGE OVER ASSETS OF THE GROUP

The group did not have any charge over assets of the Group as at 31 March 2025 (31 March 2024: Nil).

## ACQUISITIONS AND DISPOSALS

Save as disclosed in the report, the Group did not have any acquisitions and disposals of subsidiaries, associates and joint ventures during the Year.





# Management Discussion and Analysis

## SHARE OPTION SCHEME

The Company has adopted the share option scheme on 28 December 2017 and has been amended on 28 April 2023 (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.

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 Directors (including independent non-executive Directors) and employees of any member of the Group (including persons who are granted options under this Share Option Scheme as an inducement to enter into employment contracts with any member 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 or awards of the Group must not in aggregate exceed 10% of the total number of Shares in issue as at 28 April 2023, being the date of approval of the refreshment of 10% general scheme limit under the Share Option Scheme by the Shareholders.

### 4. **Maximum entitlement of each participant**

The total number of Shares issued and to be issued upon exercise of the options or awards granted under the Share Option Scheme (including both exercised and outstanding options or awards) 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 or awards 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 or awards to a substantial Shareholder or an independent non-executive Director (the “**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 or awards 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.



# Management Discussion and Analysis

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

The vesting period for options shall not be less than 12 months. Options granted to employee participants may be subject to a shorter vesting period under the following circumstances:

- (a) grants of Options with performance-based vesting conditions as determined by the Board, in lieu of time-based vesting criteria;
- (b) grants of Options with a mixed or accelerated vesting schedule such as where the awards may vest evenly over a period of 12 months; and
- (c) grants of Options with a total vesting and holding period of more than 12 months.

## 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. Subject to the Stock Exchange granting the necessary waiver, a grantee may transfer any options to a vehicle (such as a trust or a private company) for the benefit of the grantee and any family members of such grantee including but not limited to for estate planning and/or tax planning purposes that would continue to meet the purpose of the Share Option Scheme and comply with other requirements of Chapter 23 of the GEM Listing Rules.

## 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.

No option has been granted, exercised, cancelled or lapsed under the Share Option Scheme during the Year. The Company did not have any outstanding share options, warrants, derivatives or securities which are convertible or exchangeable into Shares as at 31 March 2025 and up to the date of this report.

The number of options available for grant under the scheme mandate of the Share Option Scheme at the beginning and the end of the FY2025 were 2,644,059 Shares (the share consolidation was deemed to be effective for illustration) and 2,644,059 Shares respectively. The total number of Shares available for issue under each of the Share Option Scheme (including options granted but not yet exercised and options available for issue) was 2,644,059 Shares, representing approximately 10.0% of the total number of issued Shares as at the date of this report.



# Management Discussion and Analysis

## EVENT AFTER THE REPORTING PERIOD

The Group did not have any important event after the year ended 31 March 2025.

## FOREIGN EXCHANGE EXPOSURE

The Group's business operations were conducted in Hong Kong and the transactions, monetary assets and liabilities of the Group were denominated in Hong Kong dollars and United States dollars. As at 31 March 2025, the Group had no significant exposure under foreign exchange contracts, interest, currency swaps or other financial derivatives.

## CONTINGENT LIABILITIES

As at 31 March 2025, the Group did not have any significant contingent liabilities (31 March 2024: Nil).

## THE CAPITAL REORGANISATION AND THE RIGHTS ISSUE

On 20 December 2024, the Board proposed to implement the Capital Reorganisation, which comprised the share consolidation (every eight (8) issued and unissued existing shares with par value of HK\$0.2 each be consolidated into one (1) consolidated Share with par value of HK\$1.6 each) and capital reduction and the subdivision (the par value of each issued consolidated share will be reduced from HK\$1.6 to HK\$0.01 by cancelling the paid-up capital to the extent of HK\$1.59 per issued consolidated share, so that following such reduction, each issued consolidated share shall become one adjusted share with par value of HK\$0.01 each) (the "**Capital Reorganisation**") and proposed subject to, amongst others, the Capital Reorganisation becoming effective, to implement the Rights Issue on the basis of four (4) Rights Shares for every one (1) adjusted share held on the record date at the subscription price of HK\$0.29 per Rights Share (the "**Rights Issue**"), to raise gross proceeds of approximately HK\$30.7 million before expenses (assuming no other change in the number of Shares in issue save for the share consolidation on or before the record date), by way of the Rights Issue of up to 105,762,360 rights shares to the qualifying shareholders. The Company will provisionally allot to the qualifying shareholders four (4) rights shares in nil-paid form for every one (1) adjusted share in issue and held on the record date. The Rights Issue is only available to the qualifying shareholders and will not be available to the excluded shareholders. There will be no excess application arrangements in relation to the Rights Issue. The estimated net proceeds (after the deduction of the costs and expenses relating to the Rights Issue) will be approximately HK\$29.5 million (assuming no further issue of new share(s) and no repurchase of share(s) by the Company on or before the record date), if fully subscribed. The Company intends to apply the net proceeds from the Rights Issue for (i) the repayment of other borrowings owed by the Group; (ii) the payment of rental expenses and management fees under its existing lease commitments; (iii) the payment of salaries of the Group's employees; and (iv) working capital for the existing business. The Capital Reorganisation and the Rights Issue were approved by the shareholders at the EGM held on 5 March 2025. Up to the date hereof, the share consolidation was becoming effective on 7 March 2025, but the capital reduction and the subdivision and the Rights Issue were not yet completed. For further details of the Capital Reorganisation and the Rights Issue, please refer to the announcement dated 20 December 2024 and 29 May 2024 and the circular dated 14 February 2025.



# Management Discussion and Analysis

## FUTURE PLANS

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 2025, the Group had about 27 (2024: 34) employees working in Hong Kong.

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.

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\$118,000 for FY2025 (FY2024: HK\$288,000).

## 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 FY2025 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.



# Biographical Details of Directors and Senior Management

## EXECUTIVE DIRECTORS

**Mr. Yao Ruhe (姚汝壑) ("Mr. Yao")**, aged 40, has been our executive Director since 12 May 2021. He has also been appointed as the chairman of the Company (the "**Chairman**") since 16 February 2022. Mr. Yao is currently 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.

**Ms. Zuo Yu (左玉) ("Ms. Zuo")**, aged 47, has over 20 years of experience in the senior management of a sizable company which principally engaged in business consulting. She is responsible for decision making on the operations and providing professional advices on product incubation and business development for the clients. She is familiar with retail business, personnel management and has rich experience in operations, marketing and business development.

**Ms. Kam Chun Fong (金振芳) ("Ms. Kam")**, aged 73, has been our executive Director since 1 April 2022. Ms. Kam has over 35 years of experience in the senior management of a sizable retail store who responsible for decision making on the operations and in the areas of retail and online marketing of the products. She is familiar with retail business, personnel management and has rich experience in operations and marketing development.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. Wu Chi King (胡子敬) ("Mr. Wu")**, aged 44, has been our an independent non-executive Director ("**INED**") since 28 June 2021, and is the chairman of the Board's audit committee (the "**Audit Committee**") and the Board's nomination committee (the "**Nomination Committee**") and a member of the Board's remuneration committee (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, Palinda Group Holdings Limited, a company whose shares are listed on GEM of the Stock Exchange (Stock code: 8179) since September 2022 and China Energy Storage Technology Development Limited, a company whose shares are listed on the Stock Exchange (Stock code: 1143) since September 2023.



## Biographical Details of Directors and Senior Management

**Ms. Wong Ying Yu (黃纓喻) (“Ms. Wong”)**, aged 63, 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 21 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. Lang Yonghua (郎永華) (“Mr. Lang”)**, aged 64, has been our INED, the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee since 1 April 2022. Mr. Lang has over 29 years of experience in the trading industry. Mr. Lang has held managerial positions in various sizeable corporation in China from 1997 to 2017. He has mainly been responsible for business development, marketing and financial management.

### COMPANY SECRETARY

**Mr. Tse Fung Chun (謝逢春) (“Mr. Tse”)**, aged 36, has been appointed as the company secretary of the Company since 1 April 2022. Mr. Tse obtained a Bachelor’s degree in Accounting from University of Queensland in Australia in 2011. Mr. Tse is a certified public accountant of The Hong Kong Institute of Certified Public Accountants and CPA Australia and a chartered management accountant of the Chartered Institute of Management Accountants. Mr. Tse has over nine years of experience in auditing, accounting and corporate governance. Mr. Tse is a shareholder of Rica Corporate Services Limited, a company incorporated in Hong Kong and holds a trust or company service provider licence pursuant to the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Chapter 615 of the Laws of Hong Kong). He is also currently the company secretary and an authorised representative of King Stone Energy Group Limited, a company whose shares are listed on the Stock Exchange (Stock Code: 663) since April 2023, the company secretary, an authorised representative and the process agent of Trendzon Holdings Group Limited, a company whose shares are listed on the Main Board of Stock Exchange (Stock Code: 1865) since September 2020 and the company secretary and an authorised representative of MediNet Group Limited, a company whose shares are listed on GEM of the Stock Exchange (Stock Code: 8161) since January 2025.





# 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 FY2025 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.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. There were no deviation from code provision A.6.7 of the CG Code during FY2025. The Company Secretary would remind the Directors to attend general meetings in order to establish effective communications with the Shareholders.

## 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 FY2025 and up to the date hereof, each of them has confirmed he/she had complied with the Required Standard of Dealings throughout the FY2025. No incident of non-compliance was noted by the Company during the FY2025.



# 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 six Directors, of which the INEDs in aggregate represent 50% of the Board members:

### *Executive Directors*

Mr. Yao Ruhe (*Chairman*)

Ms. Kam Chun Fong

Ms. Zuo Yu

### *INEDs*

Mr. Wu Chi King

Mr. Lang Yonghua

Ms. Wong Ying Yu

The biographical details of each of the Directors are set out in the section headed "Biographical Details of Directors and Senior Management" 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 FY2025 and up to the date hereof.



# Corporate Governance Report

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.

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.

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 FY2025 are summarised as follows:

<b>Name of Directors</b>	<b>Type of trainings</b>
Mr. Yao	A & B
Ms. Kam	B
Ms. Zuo	B
Mr. Lang	B
Ms. Wong	B
Mr. Wu	A & 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



# Corporate Governance Report

## 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.

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 FY2025 are summarised as follows:

Name of Directors	Number of meetings attended/eligible to attend for the FY2025				
	Board meeting	Audit Committee meeting	Remuneration Committee meeting	Nomination Committee meeting	General Meeting
<b>Executive Directors</b>					
Ms. Kam	8/8	N/A	N/A	N/A	2/2
Ms. Zuo	4/4	N/A	N/A	N/A	2/2
Mr. Yao	8/8	N/A	N/A	N/A	2/2
<b>INEDs</b>					
Mr. Wu	8/8	5/5	1/1	1/1	2/2
Mr. Lang	8/8	5/5	1/1	1/1	2/2
Ms. Wong	8/8	5/5	1/1	1/1	1/2

N/A: not applicable



# Corporate Governance Report

## 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. Yao was appointed as the Chairman on 16 February 2022. Mr. Yao provides leadership for the Board and to ensure that all directors are properly briefed on issues arising at board meetings, and receive adequate information, both complete and reliable, in a timely manner. The executive directors of the Company collectively oversee the overall management of the Group in each of their specialized executive fields, which fulfils the function of Chief Executive Officer in substance. Therefore, the Company currently has not appointed its Chief Executive Officer to avoid the duplication of duties.

## 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](http://www.hkexnews.hk) and the Company's website at [www.mansionintl.com](http://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. Wu, Ms. Wong and Mr. Lang. 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;





## Corporate Governance Report

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 FY2025, the Audit Committee held five meetings to, amongst other matters, consider and recommend to the Board for approval the Group's audited annual results for FY2024, unaudited first quarterly results for the three months ended 30 June 2024, unaudited interim results for the six months ended 30 September 2024 and unaudited third quarterly results for the nine months ended 31 December 2024; and the appointment of McMillan Woods (Hong Kong) CPA Limited ("**McMillan**") as the auditor of the Company. Details of the attendance of the Audit Committee meetings are set out above.



# Corporate Governance Report

## 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. Lang, Ms. Wong and Mr. Wu. Mr. Lang 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 FY2025, 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.



# Corporate Governance Report

## 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 three INEDs, namely Mr. Wu, Ms. Wong and Mr. Lang. 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 FY2025, the Nomination Committee held three 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 September 2024. Details of the attendance of the Nomination Committee meetings are set out above.



# Corporate Governance Report

## 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

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. Accordingly, Mr. Yao and Ms. Zuo will retire from office as Directors at the forthcoming AGM of the Company, and being eligible, offer themselves for re-election.

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.



# Corporate Governance Report

## REMUNERATION OF DIRECTORS

The particulars of the Directors' remuneration for the FY2025 are set out in note 12 to the Consolidated Financial Statements.

## INDEPENDENT AUDITOR'S REMUNERATION

McMillan was engaged as the Group's independent auditor for the FY2025. The remuneration paid/payable to McMillan in respect of statutory audit services and non-audit services for the FY2025 were HK\$550,000 and HK\$60,000 respectively.

## DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

In addition, McMillan 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.



# Corporate Governance Report

## 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. Tse has been appointed as the Company Secretary with effect from 1 April 2022.

Mr. Tse has confirmed that he received no less than 15 hours of relevant professional training during the FY2025 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.





# Corporate Governance Report

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 204, 2/F., Empire Court, 2–4 Hysan Avenue, Causeway Bay, 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, Union Registrars Limited at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King’s 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 204, 2/F., Empire Court, 2–4 Hysan Avenue, Causeway Bay, Hong Kong or by email to [mansion@mansionintl.com](mailto: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 of the appropriate committee; and
3. ordinary business matters, such as suggestions, enquiries and client complaints to the appropriate management of the Company.



# Corporate Governance Report

## 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 FY2025, there were no material changes 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 33 to the Consolidated Financial Statements.

## BUSINESS REVIEW

The business review and the future development of the Group for the Year are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this annual report. Description of the principal risks and uncertainties facing the Group can be found in the "Corporate Governance Report" of this annual report.

The Company was not aware of any non-compliance with any relevant laws and regulations that had a significant impact during FY2025:

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".

Save as disclosed in the section "Management Discussion and Analysis — Event after the Reporting Period", the Board is not aware of any significant event requiring disclosure that has taken place subsequent to 31 March 2025 and up to the date hereof.

## RESULTS AND DIVIDEND

The results of the Group for the FY2025 are set out in the consolidated statement of profit or loss and other comprehensive income on page 69 of this annual report.

The Board has resolved not to recommend the payment of any dividend for the FY2025.

## 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 FY2025 are set out in note 18 to the Consolidated Financial Statements.

## SHARE CAPITAL

Details of the movements in the Company's paid up capital for the FY2025 are set out in note 30 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 page 72 of this annual report.



# Directors' Report

## DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders as at 31 March 2025 and 2024 were as follows:

	<b>31 March 2025 HK\$'000</b>	31 March 2024 HK\$'000
Share premium	<b>118,409</b>	118,409
Accumulated losses	<b>(172,179)</b>	(168,564)
	<b>(53,770)</b>	(50,155)

## 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 FY2025, 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 Rights Issue as set out in the section headed "Management Discussion and Analysis — Rights Issue"; and (ii) the share option scheme of the Company as set out in the section headed "Management Discussion and Analysis — Share Option Scheme", 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 FY2025.

## 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 FY2025, sales to the Group's five largest customers accounted for approximately 49.2% of the Group's total sales for the FY2025 and sales to the largest customer included therein amounted to approximately 12.8%.

During the FY2025, purchases from the Group's five largest suppliers accounted for approximately 89.9% of the Group's total purchases for the FY2025 and purchases from the Group's largest supplier included therein amounted to approximately 27.3%.

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.



# Directors' Report

## DONATIONS

During the FY2025, the Group did not make any charitable donations (2024: Nil).

## DIRECTORS

The Directors who held office during the FY2025 and up to the date hereof are:

### *Executive Directors*

Mr. Yao Ruhe (*Chairman*)

Ms. Kam Chun Fong

Ms. Zuo Yu (appointed on 7 October 2024)

Ms. Wong Ka Man (resigned on 7 October 2024)

### *INEDs*

Mr. Lang Yonghua

Ms. Wong Ying Yu

Mr. Wu Chi King

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 Ms. Zuo 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' Report

## DIRECTORS' SERVICE CONTRACTS

Each of the INEDs has entered into a letter of appointment with the Company for a term of three years.

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.

## 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 12 and 13 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 FY2025 or at any time during the FY2025.

## 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 FY2025 and up to the date hereof.





# Directors' Report

## 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 insurance were in force during the FY2025 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 FY2025 is contained in note 34 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 FY2025.

## 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 FY2025 or at any time during the FY2025.

## 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' Report

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### *Directors' and chief executive's interests in shares, underlying shares and debentures*

As at 31 March 2025, the interests of the Directors and chief executive of the Company in Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

Long positions in Shares and underlying Shares

Name	Capacity	Number of ordinary Shares held	Approximate percentage of the issued share capital of the Company as at 31 March 2025
Mr. Yao Ruhe	Beneficial owner	50,000	0.19%

Save as disclosed above, none of the Directors and chief executive of the Company had any interests or short position in the Shares, underlying Shares or debentures of the Company or its associated corporation as at 31 March 2024.

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

As at 31 March 2025, the Company had not been notified by any persons (other than the Directors whose interests were disclosed above) who had interests or short positions in the Shares or underlying Shares which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

## ARRANGEMENTS FOR DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section "Share Option Scheme" below, at no time during the FY2025 or at the end of the FY2025 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.



# Directors' Report

## 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 27 of this annual report.

The compliance officer of the Company is Ms. Zuo Yu whose biographical details are set out on page 12 of this annual report. The Company Secretary is Mr. Tse and a 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. Wu, Ms. Wong and Mr. Lang. 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

On 12 January 2022, Jonten Hopkins CPA Limited resigned, and McMillan was appointed as the auditor of the Company. Save as aforesaid, there has been no change in auditors of the Company in the three years preceding the date of this annual report. A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint McMillan as the independent auditor of the Company.

By Order of the Board

**Mansion International Holdings Limited**

**Yao Ruhe**

*Chairman*

Hong Kong, 30 June 2025



# Environmental, Social and Governance Report

## ABOUT THE REPORT

This report is the fifth Environmental, Social and Governance Report (“**ESG Report**”) of Mansion International Holdings Limited (the “**Company**” or “**We**”). We are principally engaged in the sale of baby and children garments. This report intends to disclose the performance of the Company and its subsidiaries (collectively as the “**Group**”) in terms of environmental, social, and governance issues in a transparent and open manner over the last year, in response to all stakeholders’ concerns and expectations for the Group’s long-term viability. In the long run, the Group will strengthen the data collection and reporting system for environmental management, social responsibility, and governance performance, gradually expanding the disclosure scope and improving the quality and comprehensiveness of the ESG Report.

## REPORTING SCOPE

This ESG Report details the ESG performance of the Group for the financial year ended 31 March 2025 (the “**Reporting Period**”). We apply the concept of materiality in planning and developing the ESG Report. Unless otherwise indicated, the ESG Report covers the Group and its subsidiaries.

## REPORTING STANDARDS

The Stock Exchange of Hong Kong Limited (the “**SEHK**”) amended the “Environmental, Social and Governance Reporting Guide” (“**ESG Reporting Guide**”), which is the Appendix 20 of the Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”) in 2019. The amendments set out the mandatory disclosures of ESG issues. This report is prepared in accordance with the “Mandatory Disclosure Requirements” provisions and the “Comply or Explain” principles of the latest ESG Reporting Guide set out in Appendix 20 of the GEM Listing Rules made by the SEHK.

## REPORTING PRINCIPLES

This report is prepared in accordance with the reporting principles of Materiality, Balance, Quantitative and Consistency, by which the Company applies a consistent methodology for setting forth relevant materiality level, quantitatively measurement and reporting scope and format, with consideration of relevancy and significance of ESG factors in relation to the Group.

This report includes quantitative environmental and social Key Performance Index (“**KPI**”) to help stakeholders understand the Group’s ESG performance. Wherever possible, information about the standards, techniques, references, and sources of key emission of these KPIs is provided. To make ESG performance more comparable between years, the Group has used consistent reporting and calculation procedures as far as reasonably practicable. For any changes in methodologies, the Group has presented and explained in detail in the corresponding sections.

The Group is dedicated to accurately and truthfully disclosing all material ESG matters. The data in this report is produced and published using current regulations, practices, government documents, and reports. Furthermore, the Board has endorsed and approved this report. The Board is dedicated to monitoring and publishing the Group’s sustainability performance through the annual release of the ESG Report and is responsible for overseeing and managing all ESG topics.



# Environmental, Social and Governance Report

## SUSTAINABLE GOVERNANCE STRUCTURE

We established a top-down ESG organizational structure to apply the Group's sustainable development concept. The Board is responsible for developing ESG strategies, assessing and identifying the Group's ESG risks, and guaranteeing risk management and internal control effectiveness. ESG work and report evaluation are carried out by employees from several areas within the Group.

The Group is dedicated to achieving several aspects of corporate social responsibility, including energy conservation, greenhouse gas reduction, employee training and development, environmental compliance, and providing a safe and healthy work environment.

### *The Board*

The Board strives to integrate sustainable development into the Group's business development and has taken on the following responsibilities:

- Assessing and determining the Group's ESG-related risks and opportunities.
- Ensuring that the Group has an appropriate and effective risk management and internal control system.
- Developing the Group's management policies, plans, priorities, and goals.
- Monitoring ESG's work progress and performance on a regular basis.
- Approving the disclosed information in the Group's ESG Report.

The Board assesses, identifies, and manages sustainable development risks on a regular basis, and tries to create long-term value for stakeholders by identifying possibilities while adhering to regulatory standards and industry best practices. Furthermore, the Board examines and adjusts the implementation of various ESG objectives on a regular basis to ensure that the impact of business development on the environment and society can be minimized.

### *ESG Working Committee*

The Group has established an ESG Working Committee, consisting of four members, (currently an Executive Director, and several managements from Human Resources, Finance and Operations Functions/Departments), to assist the Board in managing the Group's ESG affairs. The ESG Working Committee is a management-level group that is responsible for driving our ESG initiatives, collecting and calculating ESG KPIs, overseeing and reporting ESG related matters across our major businesses and operations.



# Environmental, Social and Governance Report

The ESG Working Committee is empowered by the Board through a <ESG Working Committee Terms of Reference> under which it shall directly be instructed and reporting to the Board. It organizes meetings on a regular basis to identify, assess, and monitor the Group's ESG risk, as well as to examine the Group's internal control system's implementation and effectiveness. It also assesses and evaluates the Group's ESG performance in relation to ESG goals and targets.



## STAKEHOLDER ENGAGEMENT

In order to understand the aspiration and concerns from the stakeholders in connection with the environmental and social activities of the Group, we have maintained interaction with them via various effective communication channels, with a view to perfecting our sustainability strategies in the interest of stakeholders and our ability to grow progressively. The Group's identified stakeholders and our main communication channels are listed in the following table:

Key Stakeholders	Areas of Concern	Communication Channels
Stock Exchange	<ul style="list-style-type: none"> <li>Compliance with listing rules</li> </ul>	<ul style="list-style-type: none"> <li>Announcements in the Stock Exchange website</li> <li>Discussions and meetings as necessary</li> <li>Emails and other correspondences</li> </ul>
Government and regulatory bodies	<ul style="list-style-type: none"> <li>Laws and regulations</li> <li>Taxation</li> </ul>	<ul style="list-style-type: none"> <li>Site visits and audits</li> <li>Regular declarations</li> <li>Public Notice of new laws and regulations in the Gazette</li> <li>Reports and other publication in their websites</li> </ul>



# Environmental, Social and Governance Report

Key Stakeholders	Areas of Concern	Communication Channels
Shareholders and investors	<ul style="list-style-type: none"> <li>Return on investment</li> <li>Information disclosure</li> <li>Protection on rights and interests of shareholders and fair treatment of shareholders</li> </ul>	<ul style="list-style-type: none"> <li>Annual and other general meeting of members</li> <li>Annual reports, announcements and other disclosures/publications</li> <li>Company website/Disclosures on the Stock Exchange website</li> <li>Group email managed by designated employees</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Salaries and welfares</li> <li>Protection on Employee's rights and interests</li> <li>Health and safety</li> <li>Feedback opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Regular meetings</li> <li>Employee trainings</li> <li>Intranet and emails</li> <li>Regular employee activities</li> </ul>
Customers	<ul style="list-style-type: none"> <li>Product quality</li> <li>Customer satisfaction</li> <li>Business ethics</li> <li>After sales services</li> </ul>	<ul style="list-style-type: none"> <li>Website</li> <li>Regular business visits</li> <li>Participation in kid exhibitions and events</li> <li>Bidirectional customer evaluations</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>Long-term and sustainable business relationship</li> <li>Fair competition</li> </ul>	<ul style="list-style-type: none"> <li>Supplier contracts, emails, teleconference, interview</li> <li>Bidirectional supplier evaluation</li> </ul>
Media	<ul style="list-style-type: none"> <li>Corporate governance</li> <li>Environmental protection</li> </ul>	<ul style="list-style-type: none"> <li>Correspondence and discussion on concerned topics</li> </ul>
Community	<ul style="list-style-type: none"> <li>Environmental protection</li> <li>Contribution to the community</li> </ul>	<ul style="list-style-type: none"> <li>Voluntary activities</li> <li>Community visits</li> </ul>

We aim to collaborate with our stakeholders to improve our ESG performance and create greater value or the wider community continuously.



# Environmental, Social and Governance Report

## MATERIALITY ASSESSMENT

Through constant connection with our stakeholders, the Group have accumulated crucial facts and information. Based on materiality, quantitative metrics, balance, and consistency, our senior management examined and analyzed the importance of ESG problems to the Group's stakeholders for the Reporting Period, as well as the scope and structure of this report. The Group gather insights of how to strengthen its sustainable governance through the process of engaging its stakeholders.

We also take into consideration of the provisions set out in the "ESG Reporting Guide" as well as the latest industry sustainability trends. Below tabled the relevant and important ESG issues we have identified:

ESG Aspects	Sub-aspects	ESG Issues
A. Environmental	A1 — Emissions	<ul style="list-style-type: none"> <li>Greenhouse gas ("GHG") emissions</li> </ul>
	A2 — Use of Resources	<ul style="list-style-type: none"> <li>Waste management</li> <li>Energy consumption</li> <li>Water consumption</li> <li>Paper consumption</li> </ul>
	A3 — The Environmental and Natural Resources	<ul style="list-style-type: none"> <li>Management risks related to environment and natural resources</li> </ul>
B. Social	B1 — Employment	<ul style="list-style-type: none"> <li>Equal opportunities</li> <li>Employee's benefits</li> </ul>
	B2 — Health and Safety	<ul style="list-style-type: none"> <li>Occupational health and safety</li> </ul>
	B3 — Development and Training	<ul style="list-style-type: none"> <li>Employee development and training</li> </ul>
	B4 — Labour Standards	<ul style="list-style-type: none"> <li>Prevention of child labour and forced labour</li> </ul>
	B5 — Supply Chain Management	<ul style="list-style-type: none"> <li>Supplier selection and assessment</li> <li>Green procurement</li> </ul>
	B6 — Product Responsibility	<ul style="list-style-type: none"> <li>Product quality control</li> <li>Product recall</li> <li>Customer satisfaction</li> <li>Protection of intellectual property rights and customer data</li> </ul>
	B7 — Anti-corruption	<ul style="list-style-type: none"> <li>Anti-corruption and whistle-blowing policies</li> <li>Concluded legal cases regarding corruption</li> <li>Anti-corruption trainings</li> </ul>
	B8 — Community Investment	<ul style="list-style-type: none"> <li>Community engagement</li> </ul>



# Environmental, Social and Governance Report

Among these ESG issues, we further evaluate and prioritize them by their relevancy and significance. Below tabled the top ten most relevant and important ESG issues of our Group:

Concerned ESG issues		Relevant ESG Provision
1.	GHG emissions	A1 — Emissions
2.	Waste management	A1 — Emissions
3.	Energy consumption	A2 — Use of Resources
4.	Water consumption	A2 — Use of Resources
5.	Equal opportunities	B1 — Employment
6.	Occupational health and safety	B2 — Health and Safety
7.	Employee development and training	B3 — Development and Training
8.	Supplier selection and assessment	B5 — Supply Chain Management
9.	Customer satisfaction	B6 — Product Responsibility
10.	Anti-corruption practices	B7 — Anti-corruption

The Board has reviewed and approved the assessment of the ESG Working Committee and has integrated the concerned ESG issues into the overall risk management framework and incorporated into regular internal review or internal audit plan on a rotation basis.

## STAKEHOLDER'S FEEDBACK

Stakeholders' feedbacks on our ESG matters are highly welcomed. We will consider stakeholders' comments serious and take relevant actions (if any) to improve our overall ESG performance.

The Group discloses the latest business information regularly to investors and the public. We also welcome investors and shareholders to share their views with the board of directors of the Company by email us at [mansionintlholdings@gmail.com](mailto:mansionintlholdings@gmail.com).

## A. ENVIRONMENTAL

Manufacturing safe products for infants and toddlers is one of our main business activities. In addition to generating revenue for its shareholders and providing the best products, the Group also aims to operate as a socially responsible corporate. The Group's senior management has placed environmental protection as one of the business priorities, and has established an internal environmental policy, which lays the foundations on limiting the Group's impacts to the local environment according to different parts of its operations.

In summary, environmental topics relevant to the Group's activities during the Reporting Period have been identified, mainly relating to the consumption of electricity, diesel, petrol, paper and water. The Group's manufacturing business does not involve in significant pollutions of air, water, or land, regulated under Hong Kong laws and regulations, and thus is not attributed to any material impact in these aspects. In addition, the Group's internal environmental protection awareness programme consistently reminds and encourages its employees and clients to work together to improve environmental performance.



# Environmental, Social and Governance Report

## A1: Emissions

### Air Pollutant Emission

The Group's transportation team is responsible for delivering products to various locations diligently, on time, and in a safe manner. Vehicles, including trucks and automobiles, were utilized as the major transportation medium, which consumed diesel and petrol during the process. During the Reporting Period, the total air pollutant emissions recorded are 38.70 kg NO<sub>x</sub> (2024: 48.60 kg), 0.12 kg SO<sub>x</sub> (2024: 0.18 kg) and 2.88 kg RSP (2024: 3.06 kg), respectively.

### GHG Emissions

In addition to the effort in monitoring air pollutant emission, the Group is also exploring measures to reduce its indirect carbon emission, particularly on overall carbon footprint. The Group estimated its carbon footprint for the year through aggregated items such as diesel, electricity and petrol consumption from our operation locations. The overall emissions result were then estimated using conversion factors (carbon intensity factor) for reporting purpose, taking into account emissions of carbon dioxide and other greenhouse gases associated with energy consumption, such as methane (CH<sub>4</sub>) and nitrous oxide (N<sub>2</sub>O). With such information available, the Group looks to further investigate and will work with our employees and external stakeholders on enhancing the overall performance to minimize our carbon footprint.

In addition to energy consumption (Scopes 1 and 2), Scope 3 emissions associated with paper disposed in landfills and energy associated with water processing have been considered in determining the overall GHG emissions of the Group. During the Reporting Period, the total GHG emissions recorded is 82.2 t CO<sub>2</sub>-e (2024: 152.6 t CO<sub>2</sub>-e). In line with our Group's objective to minimize GHG emissions, we have implemented energy saving practices at our clinics that are mentioned under the section of "Use of Resources".

The decrease in the greenhouse gas emissions is due to the decrease in usage of vehicle from sales and marketing team increased during the Reporting Period.

### Waste Management

As a socially responsible corporation that manufactures children products, the Group tries its best effort in managing waste generation to ensure wastes are kept at a minimum and are handled with proper procedures. Our manufacturing operation procedure follows closely with our environmental policy, which is designed to:

- Minimise our chemical consumption and emission during the operation, if any, to improve the overall manufacturing efficiency and ensure the well-being of our workers;
- Avoid polluted chemical effluent emission from manufacturing or daily sewage, and ensure the compliance to local environmental standards;
- Avoid noise pollution to the nearby neighbourhood;
- Minimize, or if possible, avoid the use of chemical substances that can pose potential dangers to our customers; and
- Limit the inventory of potentially hazardous substances stored on-site.



# Environmental, Social and Governance Report

During production, we have incorporated our environmental protection philosophy to reduce waste from production sources as much as possible. The Group exerts additional attention to waste handling procedure, ensuring the safety of its employees and to the compliance of all applicable laws and regulation.

## *Hazardous Waste*

Hazardous wastes generated by our Group are stored in a separate, well-ventilated storage location for collection. A registered waste handling company, Zhongshan Baoly Industrial Solid Hazardous Waste Storage and Transportation Management Co. Ltd, is engaged to perform regular collection of the Group's hazardous waste for safe disposal. During the Reporting Period, there is no hazardous wastes (2024: nil), mainly due to the disposal in Mansion Success Holdings Limited and its subsidiaries which carried out the business of manufacturing of children wear in the PRC.

## *Non-hazardous Waste*

The Group's daily non-hazardous waste is collected, properly stored and regularly picked up by a registered waste collection company. Our Group also took the initiative to limit waste generation by promoting reduction measures throughout the Group's operations. This includes encouraging the reduction of paper usage as well as appropriate use of recycled paper in the workplaces. Some of our policies to reduce paper consumption include:

- Encouraging computer-based administration procedures;
- Adopting to an electronic filing system;
- Using electronic communication channels for information sharing;
- Adopting to double-sided printing and photocopying; and
- Reusing paper that are used on one side for drafting, photocopying and fax deliveries.

During the Reporting Period, these non-hazardous wastes were approximately 0.3 tonnes (2024: 0.9 tonnes).

## **A2: Use of Resources**

As an environmentally-friendly corporation, the Group actively promotes green practices in all of premises, attempting to reduce its consumption of resources, particularly on electricity and water consumption. Our environmental policy, with regards to resource consumption, is developed based on the "4Rs" strategy, emphasizing on "Replace, Reduce, Reuse and Recycle". Our employees are constantly reminded to the implement 4Rs strategy throughout the Group's operation, and even directly work with our supply chain partners to avoid wastages and reduce overall consumption.

The Group understands that its operations consumes a fair amount of resources, in the form of electricity and water, which can lead to significant impacts to the environment. With this in mind, the Group manages its utilities consumption and tries to conserve and minimize the ecological footprint associated with our consumption practices.



# Environmental, Social and Governance Report

## Energy Consumption

The Group works diligently with its employees to promote the 4Rs initiative, driving for efficient usage of electricity in its premises. Notices on energy saving policies can be found in common areas and in the working area, and energy conservation tips are promoted through internal circulation to raise the staff awareness on limiting energy consumption. Other energy saving initiatives implemented in our facilities include the following:

- Adjusting air conditioners' temperature to 25.5 °C;
- Switching off all electronic devices during lunch hours and when leaving office;
- Procuring equipment with high energy efficiency ratings whenever possible; and
- Setting computers on energy saving modes.

During the Reporting Period, the total energy consumption accounted to 1,678 kWh (2024: 2,333 kWh).

## Water Consumption

In addition to its effort on energy conservation, the Group also worked with its employees to promote a water conservation culture. Notices were posted to remind the staff to:

- Turn off tap after use;
- Avoid unnecessary flush;
- Perform regular maintenance on water taps; and
- Avoid water wastage in up-flow water dispenser.

The daily wastewater generated by the Group's manufacturing facilities are first biologically treated prior to discharge to the sewer system, in compliance with local regulations. During the Reporting Period, as the Group utilized the local water supply system, we did not find any problems in obtaining suitable water sources, the total consumption of the water is 62 m<sup>3</sup> (2024: 88 m<sup>3</sup>).





# Environmental, Social and Governance Report

### Product Packaging

Our consumption of packaging material consists mainly of plastic bags and small paper boxes, used for shipping purposes. In addition, in accordance with our environmental policy, the team is advised to implement a “light but effective” package as much as possible to avoid wastage. The effort has worked smoothly in operation, and it was also well-received by staff members in our packaging lines.

During the Reporting Period, the major packaging materials consumed by the Group are as follows:

Major packaging materials	For the year ended 31 March	
	2025	2024
Plastic bag	2 tonnes	3 tonnes
Paper box	3 tonnes	4 tonnes

### Overall Compliance Status

The Group was not aware of any incidents of non-compliance with laws and regulations that have a significant impact concerning air and greenhouse gas emissions, discharges into water or land, or generation of hazardous and non-hazardous waste during the Reporting Period.

### A3: The Environment and Natural Resources

The Group strives to contribute to the environmental protection and minimise the environmental impact associated with our business activities. During the packaging process, we reduce the carbon emissions by reusing cartons and other packaging materials. In day-to-day operation, the Group motivates its employees to save energy and create a green working environment.

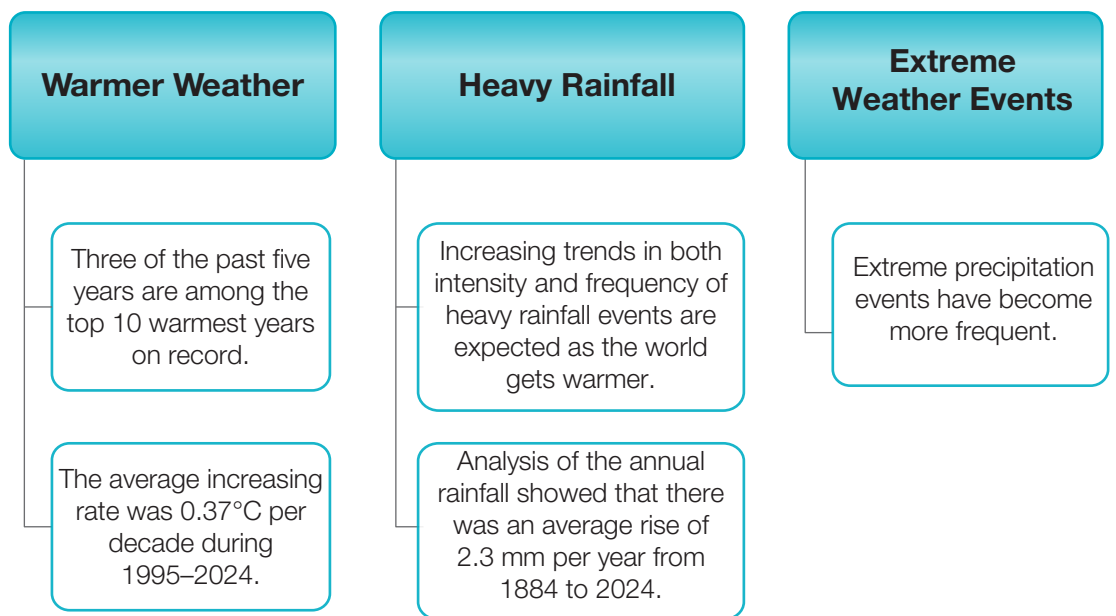
We will continue to assess the environmental risks of our business, review the environmental practices and adopt preventive measures as necessary to reduce the risks and ensure the compliance with relevant laws and regulations.



# Environmental, Social and Governance Report

## A4: Climate Change

The typical effects of climate change in Hong Kong include:



As the Group is engaged in the sale of baby and children garments, the Board, as advised by the ESG Working Committee, considers that those typical climate change effects have relatively lighter impacts on the Group.

### Considerations of TCFD Recommendations

Nevertheless, the Company takes reference to the recommendations and approach set out by The Task Force of Climate-related Financial Disclosure (“**TCFD**”) in assessing the climate changes impacts on the Group. Thus, the Group has assessed the climate-related impacts from risks and opportunities aspects.

### Climate-change-related Risks

The Group divides climate-change-related risks into two major categories: (1) risks related to the transition to a low-carbon economy and (2) risks related to the physical impacts of climate change.

**Transition risks** that may entail extensive policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change in the course of transitioning to a lower-carbon economy. There are four sub-risks, namely Policy and Legal Risks, Technology Risk, Market Risk and Reputation Risk.

**Physical risks** that may have financial implications for the Group, such as direct damage to assets and indirect impacts from supply chain disruption, which can be driven by acute events (“**Acute Events**”) or longer-term chronic shifts (“**Chronic Shift**”) in climate patterns.

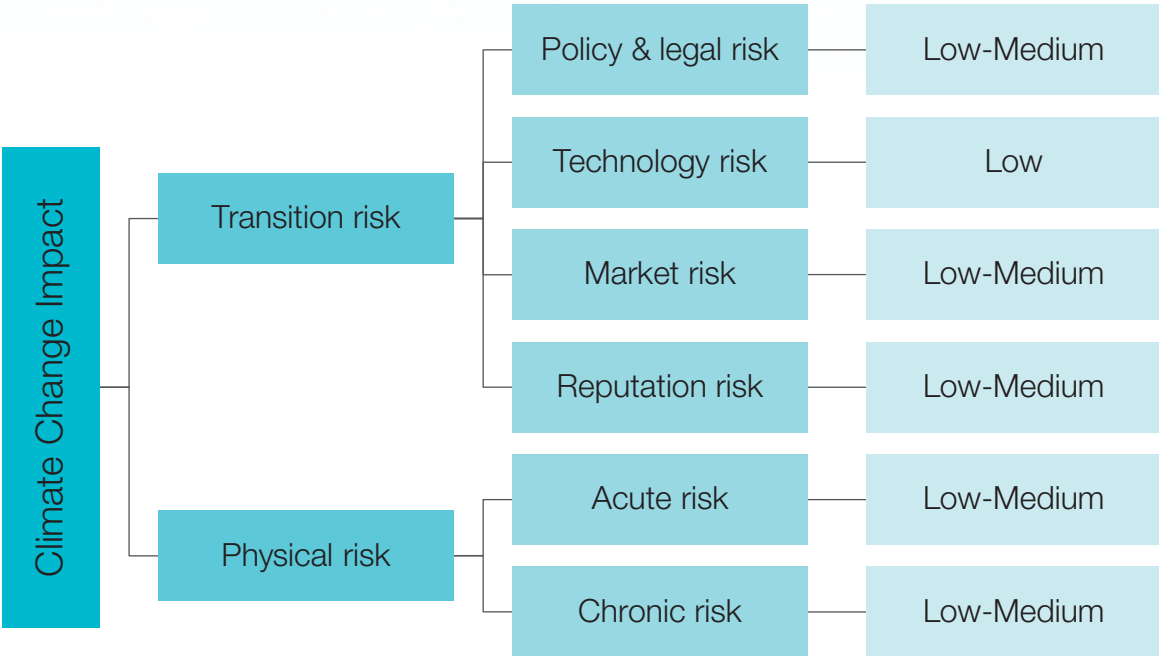


# Environmental, Social and Governance Report

## Climate-change-related Opportunities

The Group also takes into consideration of climate-change-related opportunities and divides them into five major categories related to resource efficiency and cost savings, the adoption of low-emission energy sources, the development of new products and services, access to new markets, and building resilience along the supply chain.

The overall-risk rating of climate-change-related risks and opportunities of the Group is considered low as presented below:



# Environmental, Social and Governance Report

## Climate Change Impact Assessment

To the best judgement of the Group, the Group is considered to be subjected to the following climate change impacts to which the Group has developed relevant action plans to manage them as presented in below table. The Group is committed to monitor and update our climate changes impact from time to time.

Type	Climate-Related Risks and Opportunities	Measures or approach	Potential Climate Change Impact on the Group
Transition Risk	<ul style="list-style-type: none"> <li>Policy and Legal</li> <li>Technology</li> </ul>	The Group is of the view that there are no regulatory or policies or technology changes required or on the trend that would have significant impact on the Group.	<ul style="list-style-type: none"> <li>Remote</li> <li>The risks and impacts are considered remote.</li> </ul>
	<ul style="list-style-type: none"> <li>Market</li> <li>Reputation</li> </ul>	Customers may have higher expectations of our products from an environmentally friendly perspective.	<ul style="list-style-type: none"> <li>Possible</li> <li>There is a possible impact on the reputation of our Company.</li> </ul>
Physical Risk	<ul style="list-style-type: none"> <li>Acute events</li> <li>Chronic shifts</li> </ul>	The Group is of the view that it is not subject to physical risks brought alone from climate change. However, the Group will take a monitoring approach and will continuously monitor the change in physical risks.	<ul style="list-style-type: none"> <li>Remote</li> <li>The risks and impacts are considered remote.</li> </ul>
Opportunities	<ul style="list-style-type: none"> <li>Resource Efficiency</li> <li>Energy Source</li> <li>Products &amp; Services</li> </ul>	The Group is of the view that there are no regulatory or market policies or technology changes required or on the trend that would have significant impact on the Group.	<ul style="list-style-type: none"> <li>Remote</li> <li>The opportunities and benefits are considered remote.</li> </ul>
	<ul style="list-style-type: none"> <li>Market</li> <li>Resilience</li> </ul>	Customers may have higher expectations of our image and products from an environmentally friendly perspective.	<ul style="list-style-type: none"> <li>Possible</li> <li>There is a possible market if we can build an environmental supply chain.</li> </ul>



# Environmental, Social and Governance Report

## ENVIRONMENTAL KEY PERFORMANCE INDICATORS

Emission Type	Indicator	FY2025	FY2024
Exhaust gas	Nitrogen Oxides (NO <sub>x</sub> ) — kg	<b>38.70</b>	48.60
	Sulphur Oxides (SO <sub>x</sub> ) — kg	<b>0.12</b>	0.18
	Respirable suspended particulates (RSP) — kg	<b>2.88</b>	3.06
Greenhouse gas <sup>1</sup>	Direct emissions — Scope 1 <sup>4</sup> (t CO <sub>2</sub> -e)	<b>34.6</b>	52.5
	Indirect emissions — Scope 2 <sup>5</sup> (t CO <sub>2</sub> -e)	<b>47.6</b>	78.8
	Indirect emissions — Scope 3 <sup>6</sup> (t CO <sub>2</sub> -e)	<b>0</b>	21.3
	Total	<b>82.2</b>	152.6
	Intensity <sup>2</sup>	<b>1.60</b>	2.19

Major resource consumed	Unit	FY2025	FY2024	2025	2024
				Intensity <sup>2</sup>	Intensity <sup>3</sup>
Electricity — processing	kWh	<b>1,678</b>	2,333	<b>32.6</b>	33.4
Water — processing	cm <sup>3</sup>	<b>62</b>	88	<b>1.2</b>	1.3
Hazardous waste	kg	<b>Nil</b>	Nil	<b>N/A</b>	N/A
Non-hazardous waste					
— Paper	tonnes	<b>0.1</b>	0.3	<b>0.01</b>	0.01
— Food waste	tonnes	<b>0.2</b>	0.6	<b>0.01</b>	0.01
Packaging material — plastic bag	tonnes	<b>2</b>	3	<b>0.04</b>	0.04
Packaging material — paper box	tonnes	<b>3</b>	4	<b>0.06</b>	0.06

Notes to above table:

- 1 GHG emissions data is presented in terms of carbon dioxide equivalent and are based on, but not limited to, “Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong” 2010 Edition and Appendix II: Reporting Guidance on Environmental KPIs” issued by the Hong Kong Stock Exchange.
- 2 Intensity is calculated by the emissions by the Group’s revenue in million for the Reporting Period (approximately HK\$51.4 million).
- 3 Intensity is calculated based on the number of employees. At the end of the Reporting Period, 27 employees were employed by the Group.
- 4 Major source of Scope 1 emission came from usage of diesel and petrol for our vehicles.
- 5 Major source of Scope 2 emission came from usage of purchased electricity.
- 6 Major source of Scope 3 emission came from processing fresh water and sewage by government departments.



# Environmental, Social and Governance Report

## B. SOCIAL

### B1: Employment

Our business involves working with a large number of professionals. As one of the guiding principles, the Group uses its best efforts to offer the most competitive compensation to its staff, and treats all of its staff equally and fairly. The Group will monitor and improve in these areas as needed, and will continue our growth sustainably and in a socially responsible manner.

#### Employees

As a socially responsible company, the Group treats our employees as the most precious asset and it is one of our top priorities to provide a safe and equal-working environment. The Group understands that the success of a sustainable growth relies on the contributions and dedication from its employees, and thus instilled a culture of professionalism throughout its operation. The Group's employee handbook clearly stated the employee conduct, working hours, communication channels with management, promotion and remuneration. The Group also employed a Remuneration Policy, stating that 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. The Group's senior management shall continue communicating with employees to ensure this culture can be implemented consistently in all levels of the Group.

The Group rewards its employees with competitive remuneration (including performance bonus), along with promotional opportunities, compensation and benefits packages to attract and to retain talents. Remuneration is determined with reference to the prevailing market condition as well as the competency, qualifications and experience of individual employee. Performance bonus will be paid to employees as a recognition of their contributions to the Group. Employees are entitled to Mandatory Provident Fund ("MPF") and medical insurance. Employees are also entitled to statutory holidays and different types of paid leave including annual leave, sick leave, marital leave, maternity leave, paternity leave, compensation leave, compassionate leave and injury leave. In case overtime work is required, employees are provided with appropriate overtime pay or compensatory time off. The Group always cares about its employees and has put an effort to optimise their working period. We have enforced a flexi-hour working hours scheme to encourage colleagues to focus on a healthy work-life. In addition, policies on remuneration, benefits, training and occupational health and safety are regularly reviewed, and the Group employs an Award and Penalty System, under which employees with outstanding customer services are recognized and encouraged through awards on an annual basis. Disciplinary action, on the other hand, would be taken in case of any serious misconducts.

#### Remuneration Committee

To ensure the Group's remuneration scheme remains competitive, the Group established the Remuneration Committee on 26 January 2018. The principal duties of the Remuneration Committee are to provide feedback and make recommendations to the Board on the overall remuneration policy and structure relating to all Directors, senior management and general staff within our Group. In addition, the committee shall ensure that none of our Directors or any of their associates determine their own remuneration. As at the date of the report, there is a total of three members in the Remuneration Committee, and namely Mr. Wu Chi King, Mr. Lang Yonghua and Ms. Wong Ying Yu, where Mr. Lang Yonghua acts as the chairman of the committee.





# Environmental, Social and Governance Report

The Remuneration Committee will meet regularly to review the policy for the remuneration of the Group, assess the performance, and recommend remuneration packages of executive directors and senior management of the Group.

## Retirement Benefit Scheme

The Group participates in Mandatory Provident Fund Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance (collectively, the “**pension scheme**”) for all qualifying employees employed in Hong Kong.

During the Reporting Period, total pension scheme contributions paid by the Group amounted to approximately HK\$118,000 which had been recognised as expenses and included in staff costs in the consolidated statement of profit or loss and other comprehensive income.

## Equal Opportunities, Diversity and Anti-Discrimination

The Group respects equal opportunities, adopting similar approach on employee conduct, recruitment, promotion, training and development, job advancement, compensation and benefits and all other aspects of employment practices. The Group’s employee handbook states clearly that any action deprived of opportunities on the basis of gender, ethnic background, religion, colour, sexual orientation, age, marital status, family status, retirement, disability or pregnancy shall all be prohibited. The Group has zero tolerance over any sexual harassment and discrimination behaviour, and any employee misconduct is subject to internal disciplinary action with no exception.

During the Reporting Period, , the Group has complied with relevant laws and regulations, including the below listed, that has a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, other benefits and welfare and preventing child and forced labour.

- ☑ Employment Ordinance, Chapter 57;
- ☑ Mandatory Provident Fund Schemes Ordinance, Chapter 485;
- ☑ Occupational Safety and Health Ordinance, Chapter 509;
- ☑ Minimum Wage Ordinance, Chapter 608;
- ☑ Employment of Children Regulations;
- ☑ The Sex Discrimination Ordinance (Cap. 480 of the Laws of Hong Kong);
- ☑ The Disability Discrimination Ordinance (Cap. 487 of the Laws of Hong Kong);
- ☑ The Family Status Discrimination Ordinance (Cap. 527 of the Laws of Hong Kong); and
- ☑ The Race Discrimination Ordinance (Cap. 602 of the Laws of Hong Kong).

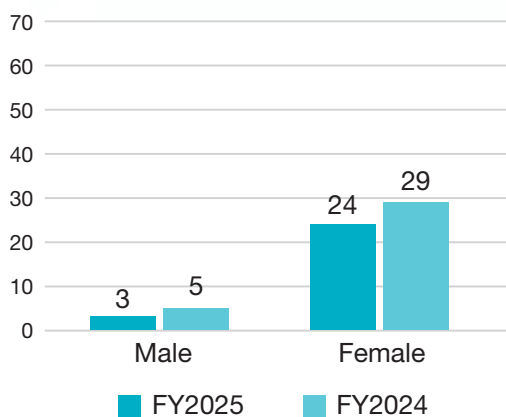


# Environmental, Social and Governance Report

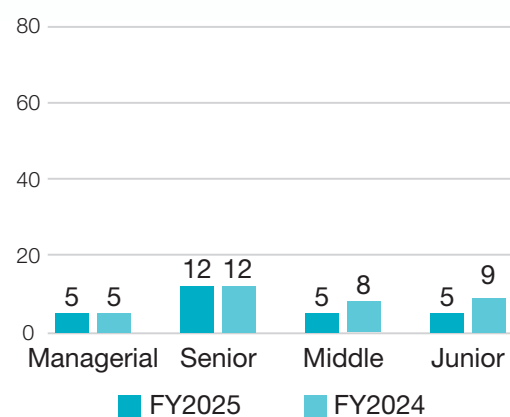
## Workforce Diversity and Distribution

Due to the nature of our business, female staff make up the majority of our workforce. Though, the Group appreciates the importance of cultural diversity and employs in a wide range of ages, genders, and ethnicities, as the Group understands diversity of employees provides a valuable mix of perspectives, skills, experience and knowledge for addressing contemporary business issues. As at 31 March 2025, the Group has a total full-time workforce of 27 employees (2024: 34) in which 27 are full-time employees (2024: 34), with breakdowns presented:

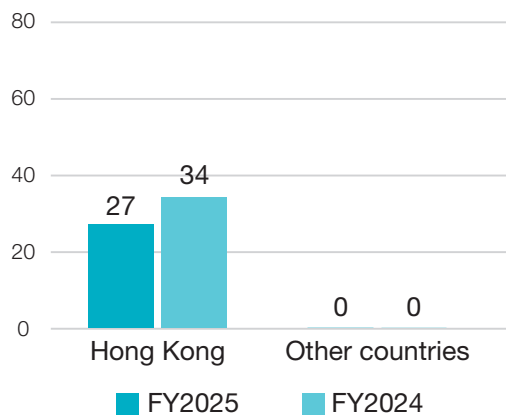
Number of employee by gender



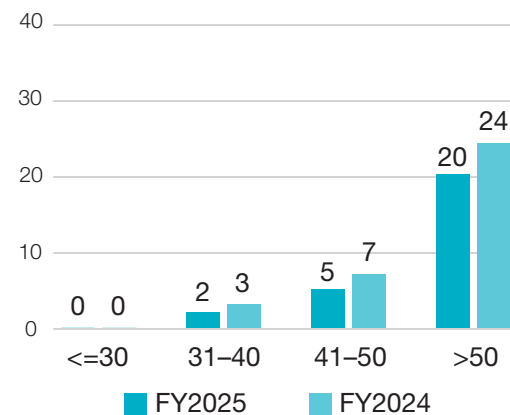
Number of employee by employee category



Number of employee by geographical region



Number of employee by age

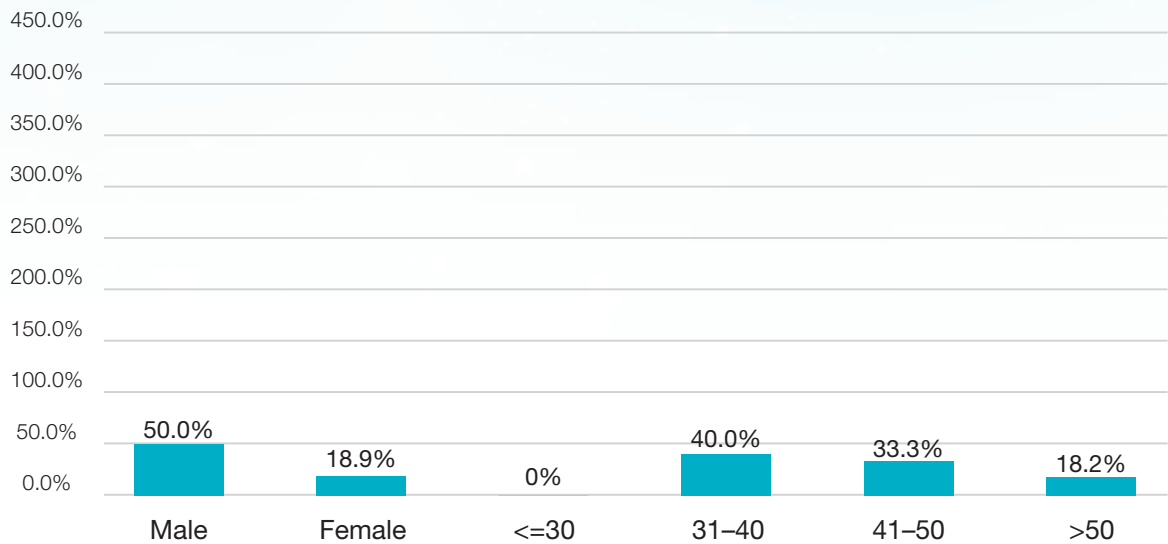


The overall employee turnover rate of the year is 23.0%, with further breakdowns by different categories presented. The ESG Working Committee has made an assessment and considered our turnover relatively healthy and stable.



# Environmental, Social and Governance Report

Employee turnover rate (By category)



Note: The turnover rate is arrived based on dividing the number of leavers over the year by the averaged total of employee of 2024 and 2025 reporting periods.

**B2: Health and Safety**

The Group understands that health and safety are of major concern to our employees, and we strive to provide a safe and healthy working environment while complying relevant laws and regulations. The Group employed an Environmental Operational Health and Safety policy, which maintains a high occupational safety and health standard, to ensure a comfortable safe occupation workspace for our employees. A workspace health monitoring programme was implemented to monitor Indoor Air Quality (“IAQ”) and presence of airborne dusts and chemicals (such as methanol and ethylene glycol). Noise levels at manufacturing sites are also regularly performed to ensure a safe working environment. For example, our Group implemented a smoke-free environment in all of our premises, ensuring IAQ is maintained at the excellent levels. It is also required for our manufacturing sites to be provided with adequate ventilation systems.

The Group has also appointed an Environmental Health and Safety officer (“EHS officer”), who is responsible for maintaining a clear communication between the senior management and the employees. In addition, the EHS officer is also responsible for monitoring the Group’s EHS goals and standard, and employee safety throughout the operation. The EHS officer also has the duty of identifying any potential hazards that may arise during daily operation, and ensuring the regular maintenance of safety equipment.

Our manufacturing sites are inspected annually to identify any potential occupational hazards. Annual occupational health examinations are mandatory for workers whose positions involve handling of chemicals for monitoring their health and identification of the development of any occupational sicknesses.

In the past three years, we have not encountered any work-related fatalities.



# Environmental, Social and Governance Report

The following table indicates our rate of work-related injuries, to which the Directors consider satisfactory.

Work-related injuries table	FY2025	FY2024	FY2023
Rate of work-related injuries (assuming 300 working days)	0%	0%	0%
Resulting loss of working days	0	0	0

## Our Effort on Epidemic Disease Control

The Group has taken the following preventive measures for office management against the epidemic disease:

- Ensure the air-conditioning system is well maintained. Clean the air filter regularly;
- Office windows should be opened from time to time to allow for better ventilation;
- Maintain a clean and hygienic working environment. At least once a day, clean and disinfect commonly used equipment, including telephones, using a diluted solution of household bleach (1 part bleach: 99 parts water). Wipe again with a towel soaked in clean water;
- If cleaning vomits, use a diluted solution of household bleach (1 part bleach: 49 parts water). Rinse the area with clean water and wipe dry;
- Keep carpets, doors and windows clean;
- Ensure toilet facilities are properly maintained;
- Provide liquid soap, disposable towels and/or a hand dryer in toilets; and
- Remind staff members suffering from fever or cough to stay away from work and consult a doctor immediately.

The Group is sensitive to concerns of staff, especially those in the frontline. We stay in close touch with their staff and allay their concerns. The Group provide face masks and hand sanitizers for employees.

## Overall Health and Safety Compliance Status

During the Reporting Period, the Group has complied with relevant laws and regulations, that has a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards.



# Environmental, Social and Governance Report

## B3: Development and Training

Training and development form an important part of the Group's human capital management strategy. It is valued as essential to the personal growth of employees, improving the Group's overall business performance.

The Group's training programmes are designed to suit our business needs and help our employees to improve their knowledge and relevant skills. An annual comprehensive training programme, tailor-made by the Human Resource department and the head of departments shall be proposed at the beginning of the year for approval by management. Monthly revision will be performed to ensure programmes are properly implemented and the proposed progress are met. The head of the department shall report a summary report at the end of the year. In addition, new recruits are also required for an orientation training programme, and with the purpose of debriefing the Company's policies, business and culture.

For the retail staff in Hong Kong, our orientation training programme includes customer service, daily operations in shop, inventory management and product order procedure. During the Reporting Period, the Company also provided training for our directors to develop and refresh their regulatory knowledge and duties as directors and to ensure that they can continue to contribute positively to the board.

Some statistics of our training programme provided to our directors/employees is presented below:

	FY2025	FY2024
Total Training Hours (man-hours)	30	30
Average Training Hours per Director/Employee	3	3

## B4: Labour Standards

The Group's Human Resources Department strictly abides by the Labour Laws of Hong Kong and follows a Recruitment Guideline throughout the recruitment process. The Group provides a clear guideline on attendance system about working hours, rest and leave entitlement, labour protection and working conditions. Further information can be found in our employee handbook, which is distributed and available to all of our employees.

As a company that manufactures products for children, our Group is extra cautious on operation practices, avoiding any form of child labour activity. Our Group prohibits any of such acts taking place in our Group to safeguard young children, and enforced a number of preventive procedures during recruitment. As part of our recruitment procedure, our staff will require the interviewee to present legal documents of identification as proof of age. Our interviewer will also perform a face-to-face identification meeting, counter-checking information provided to ensure our hired employee is at the indicated age as presented.

In addition, the Group offers a fair compensation to our employee, prohibiting any form of slavery or forced act of labour, and employees shall be paid fairly according to contributions provided. Periodic revision shall also be performed to keep the Group's remuneration level as competitive and fair for all level of employees.

As a result, no child nor forced labour was present in the Group's operations during the Reporting Period, and the Group complied with all applicable labour standards related Hong Kong laws and regulations, including but not limited to the Employment Ordinance (Cap. 57 of the Laws of Hong Kong).



# Environmental, Social and Governance Report

## Employees, Customers, Suppliers and Other Stakeholders

The Group values relationship with employees, customers and suppliers, and treats it as an important aspect of its business. The Group also maintains an open engagement channel with its employees through revision meetings as it brings insight to its operation performance. It was proven to be effective in understanding the latest operation performance and to better improve the quality of our services. The Group is also dedicated to build a close working relationship with suppliers, and conducts regular performance revision and appraisal to build a closer working relationship with its clients.

The Group also believes effective communication should include a timely and accurate information disclosure. Not only it brings valuable information to the shareholders and investors, which is beneficial for investor relations, but also invites constructive feedback for perfecting the Group's operation.

The Group will continue its open communication approach, and it will sustain a successful long-term working relationship with its stakeholders in the future.

## B5: Supply Chain Management

The Group is highly attentive to its brand reputation and introduces the environmental value into the suppliers and subcontractors procurement procedure, aiming to support environmental protection through habitat protection, bio-diversity, and other related environmental issues. Our procurement department ensures suppliers and subcontractors comply with relevant local and international standards, and follow up with periodic performance assessment. Evaluation is conducted on new and existing suppliers (annually) on product and service quality, and only approved suppliers and sub-contractors shall be added to our selected group of service providers for future cooperation.

## B6: Product Responsibility

As our product users are infants and toddlers, the Group pays extra attention to product safety, ensuring no chemical harmful materials shall be included in our raw material list or used during our production process. The Group stays strictly abiding to all international laws and regulations and standards provided by our clients, and as listed as follows:

- Consumer Goods Safety Ordinance (Chapter 456 of the Laws of Hong Kong);
- Consumer Goods Safety Regulation (Chapter 456A of the Laws of Hong Kong);
- Toys and Children's Products Safety Ordinance (Chapter 424 of the Laws of Hong Kong);
- Toys and Children's Products Safety (Additional Safety Standards or Requirements) Regulation (Chapter 424C of the Laws of Hong Kong); and
- Other relevant laws and regulations.

The Group will continue a close monitoring throughout the manufacturing process, enforcing the highest standards, and ensuring our products are safe and sound and as the perfect companion for children.



# Environmental, Social and Governance Report

When the Group receives an unfavourable feedback, the customer services will record the case in a log sheet and take all necessary action to remedy the problem, including but not limited to a refund, change the type of products and exchange the problematic product. All refunds to customers are subject to the approval of our chief executive officer or head of finance. The number of unfavourable feedback for the Reporting Period was 1 (2024: 2). After the matter is settled, the customer services will update the feedback log sheet. All the relevant documents will be filed properly.

During the Reporting Period, there is no products sold or shipped subject to recalls for safety and health reasons and the Group was not aware of any violation of the laws and regulations in relation to the food safety.

## Protection of Copyright and Consumers Privacy

The Group takes all necessary actions to protect the copyright of brand owners and the privacy of our customers. All data management users from the Group are subjected to a list of terms and conditions on information collected and for business purpose only. The Group forbids unauthorised distribution of materials, and we reserve the right to take legal actions on violating parties. Should there be any issue of copyright matters, the Group encourages inquiries via email and our legal team will provide advices and follow-up where necessary.

The Group is not aware of in breach of any law and regulation relating to Consumer Data Protection and Privacy of Hong Kong during the Reporting Period.

## Intellectual Property Rights

We respect intellectual property rights, such as trademarks, patents, and copyrights, among others. The Group kept a complete record of its intellectual property rights and will seek legal advice and take appropriate action if any of its intellectual property rights are infringed upon. If our staff is discovered to be in violation of applicable rules and regulations, they may not only face disciplinary action, but they may also be prosecuted and face criminal or civil liability, as stated in the Group's staff handbook.

During the Reporting Period, we believe that we have taken all reasonable measures to protect our intellectual property rights and deter any such infringement. We were unaware of any infringement (i) by us of any intellectual property rights owned by third parties; or (ii) by any third parties of any intellectual property rights owned by us.

## Overall Product Responsibility Compliance Status

During the Reporting Period, there were no material breach with relevant law and regulations relating to advertising, labelling and privacy matters recorded pertaining to our products and services. The Group has complied with relevant laws and regulations that have a significant impact on the Group relating to safety, advertising, labelling and privacy matters relating to products and services provided and method of redress.





# Environmental, Social and Governance Report

## **B7: Anti-Corruption**

The Group commits to managing all business without undue influence and has regarded honesty, integrity and fairness as its core values. All directors and employees are required to strictly follow the Code of Conduct and Staff Regulations to prevent potential bribery, extortion, fraud and money laundering. The Group has established a Whistleblowing Procedure to build a direct channel with the senior management, reporting on any form of non-compliance action.

### **Overall Anti-Corruption Compliance Status**

During the Reporting Period, the Group was in compliance with the Prevention of Bribery Ordinance (Cap. 201) and no legal cases regarding corrupt practices was brought against the Group or its directors or employees.

## **B8: Community Investment**

The Group understands that it is significant for its business to both bring profit to shareholders, at the same time being socially responsible to care, serve and give back to our community wherever it is needed. The senior management consistently seeks for opportunities to support social initiatives and the Group will continue its effort in supporting the communities and giving back to those that are in need.



# Environmental, Social and Governance Report

## SOCIAL KEY PERFORMANCE INDICATORS

KPIs		Unit	FY2025	FY2024
<b>Workforce</b>	<b>Gender</b>			
	Male	person	3	5
	Female	person	24	29
	<b>Type of employment</b>			
	Permanent	person	27	34
	Part-time	person	0	0
	<b>Age</b>			
	≤ 30	person	0	0
	31–40	person	2	3
	41–50	person	5	7
	>50	person	20	24
<b>Turnover Rate</b>	<b>Gender</b>			
	Male	%	50.0	23.1
	Female	%	18.9	23.7
	<b>Type of employment</b>			
	Permanent	%	23.0	26.1
	Part-time	%	0	0
	<b>Age</b>			
	≤ 30	%	0	100
	31–40	%	40.0	57.1
	41–50	%	33.3	0
	>50	%	18.2	17.2
<b>Training</b>	<b>Level of Employees</b>			
	Managerial	hours	30	30
	Senior	hours	N/A	N/A
	Middle	hours	N/A	N/A
	Junior	hours	N/A	N/A
<b>Training rate</b>	<b>Gender</b>			
	Male	%	40	40
	Female	%	60	60
	<b>Level of Employees</b>			
	Managerial	%	100	100
	Senior	%	N/A	N/A
	Middle	%	N/A	N/A
	Junior	%	N/A	N/A
<b>Suppliers</b>	China	supplier(s)	1	5
	Hong Kong	supplier(s)	12	10

Note: The turnover rate is arrived based on dividing the number of leavers over the year by the averaged total of employee of 2024 and 2025 reporting periods.



# Environmental, Social and Governance Report

SEHK ESG Reporting Guide General Disclosures		Reference Section/Remark	Comply or Explain
<b>A. Environmental</b>			
<b>A1 Emissions</b>	Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	A. Environmental	Complied
<b>KPI A1.1</b>	The types of emissions and respective emissions data.	Environmental Key Performance Indicators	Complied
<b>KPI A1.2</b>	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Key Performance Indicators	Complied
<b>KPI A1.3</b>	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	We do not provide any hazardous waste during the Reporting Period.	Complied
<b>KPI A1.4</b>	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Key Performance Indicators	Complied
<b>KPI A1.5</b>	Description of emission target(s) set and steps taken to achieve them.	We are assessing if any emission target can be feasibly set.	Explained
<b>KPI A1.6</b>	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	A1: Emissions	Complied
<b>A2 Use of Resources</b>	Policies on the efficient use of resources, including energy, water and other raw materials.	A2: Use of Resources	Complied
<b>KPI A2.1</b>	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Environmental Key Performance Indicators	Complied
<b>KPI A2.2</b>	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental Key Performance Indicators	Complied



# Environmental, Social and Governance Report

SEHK ESG Reporting Guide General Disclosures		Reference Section/Remark	Comply or Explain
<b>KPI A2.3</b>	Description of energy use efficiency target(s) set and steps taken to achieve them.	A2: Use of Resources	Complied
<b>KPI A2.4</b>	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	We do not have problem in sourcing water in our operation.	Explained
<b>KPI A2.5</b>	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Environmental Key Performance Indicators	Complied
<b>A3 The Environment and Natural Resources</b>	Policies on minimising the issuer's significant impact on the environment and natural resources.	A3: The Environment and Natural Resources	Complied
<b>KPI A3.1</b>	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	A3: The Environment and Natural Resources	Complied
<b>Aspect A4</b>	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	A4: Climate Change	Complied
<b>KPI A4.1</b>	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	A4: Climate Change	Complied
<b>B. Social</b>			
<b>B1 Employment</b>	Policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	B1: Employment	Complied
<b>KPI B1.1</b>	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Social Key Performance Indicators	Complied
<b>KPI B1.2</b>	Employee turnover rate by gender, age group and geographical region.	Social Key Performance Indicators	Complied



# Environmental, Social and Governance Report

SEHK ESG Reporting Guide General Disclosures		Reference Section/Remark	Comply or Explain
<b>B2 Health and Safety</b>	Information on: a) the policies; and b) compliance and material non-compliance with relevant standards, rules and regulations on providing a safe working environment and protecting employees from occupational hazards.	B2: Health and Safety	Complied
<b>KPI B2.1</b>	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	B2: Health and Safety	Complied
<b>KPI B2.2</b>	Lost days due to work injury.	B2: Health and Safety	Complied
<b>KPI B2.3</b>	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	B2: Health and Safety	Complied
<b>B3 Development and Training</b>	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	B3: Development and Training	Complied
<b>KPI B3.1</b>	The percentage of employees trained by gender and employee category.	Social Key Performance Indicators	Complied
<b>KPI B3.2</b>	The average training hours completed per employee by gender and employee category.	Social Key Performance Indicators	Complied
<b>B4 Labour Standard</b>	Information on: a) the policies; and b) compliance and material non-compliance with relevant standards, rules and regulations on preventing child or forced labour.	B4: Labour Standards	Complied
<b>KPI B4.1</b>	Description of measures to review employment practices to avoid child and forced labour.	B4: Labour Standards	Complied
<b>KPI B4.2</b>	Description of steps taken to eliminate such practices when discovered.	B4: Labour Standards	Complied
<b>B5 Supply Chain Management</b>	Policies on managing environmental and social risks of supply chain.	B5: Supply Chain Management	Complied



# Environmental, Social and Governance Report

SEHK ESG Reporting Guide General Disclosures		Reference Section/Remark	Comply or Explain
<b>KPI B5.1</b>	Number of suppliers by geographical region.	Social Key Performance Indicators	Complied
<b>KPI B5.2</b>	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	B5: Supply Chain Management	Complied
<b>KPI B5.3</b>	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	B5: Supply Chain Management	Complied
<b>KPI B5.4</b>	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	B5: Supply Chain Management	Complied
<b>B6 Product Responsibility</b>	Information on: a) the policies; and b) compliance relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	B6: Product Responsibility	Complied
<b>KPI B6.1</b>	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	We do not have any recalls	Explained
<b>KPI B6.2</b>	Number of products and service-related complaints received and how they are dealt with.	B6: Product Responsibility	Complied
<b>KPI B6.3</b>	Description of practices relating to observing and protecting intellectual property rights	Intellectual Property Rights	Complied
<b>KPI B6.4</b>	Description of quality assurance process and recall procedures.	B6: Product Responsibility	Complied
<b>KPI B6.5</b>	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Protection of Copyright and Consumers Privacy	Complied



# Environmental, Social and Governance Report

SEHK ESG Reporting Guide General Disclosures		Reference Section/Remark	Comply or Explain
<b>B7 Anti-corruption</b>	Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	B7: Anti-Corruption	Complied
<b>KPI B7.1</b>	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	None noted. For detail, please refer to B7: Anti-Corruption	Complied
<b>KPI B7.2</b>	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	B7: Anti-Corruption	Complied
<b>KPI B7.3</b>	Description of anti-corruption training provided to directors and staff.	B7: Anti-Corruption	Complied
<b>B8 Community Investment</b>	Policies on community engagement to understand the community's needs where it operates and to ensure its activities take into consideration communities' interests.	B8: Community Investment	Complied
<b>KPI B8.1</b>	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	We do not have any contributions	Explained
<b>KPI B8.2</b>	Resources contributed (e.g. money or time) to the focus area.	B8: Community Investment	Complied





# Independent Auditor's Report



## TO THE SHAREHOLDERS 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 (the “**Group**”) set out on pages 69 to 115, which comprise the consolidated statement of financial position as at 31 March 2025, 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 material accounting policy information.

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 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the 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 2 to the consolidated financial statements that the Group incurred a net loss of approximately HK\$4,874,000 for the year ended 31 March 2025 and as of that date, the Group had net current liabilities of approximately HK\$1,670,000. In addition, as at 31 March 2025, the Group had other borrowings of approximately HK\$11,637,000, while the Group had cash and bank balances of approximately HK\$322,000. These conditions 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.



# Independent Auditor's Report

## KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current year. This matter was 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 this matter. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter below to be the key audit matter to be communicated in our report.

### *Impairment assessment on trade receivables*

Reference is made to the material accounting policy information in note 4(s), critical accounting judgements and key sources of estimation uncertainty in note 5(b) and the relevant disclosures of trade receivables in note 22 to the consolidated financial statements.

The Group had a significant trade receivables balance of approximately HK\$32,773,000 as at 31 March 2025 that was material to the consolidated financial statements.

The measurement of forward-looking expected credit loss (“**ECL**”) approach requires the application of significant judgement and increased complexity which include the identification of exposures and assumptions used in the ECL models, such as the expected future cash flows and forward-looking macroeconomic factors.

Due to the significant amount of trade receivables and the corresponding uncertainty inherent in such estimates, we considered this as a key audit matter.

### *How our audit addressed the key audit matter*

Our procedures in relation to evaluating the impairment assessment of trade receivables included:

- Obtaining an understanding and evaluating the Group's credit policy on trade receivables and internal control on ECL assessment;
- Recalculating the amounts of the ECL on trade receivables and assessing the appropriateness and adequacy of the ECL as at 31 March 2025;
- With the assistance of auditor's expert, assessing the reasonableness of the Group's ECL models by examining the model input used by management to form such judgements, including testing the accuracy of the historical default data, evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information including the economic variables and assumptions used in each of the economic scenarios and their probability weightings and assessing whether there was an indication of management bias when recognising loss allowances; and
- Reviewing the appropriateness of the disclosures made in the consolidated financial statements in relation to the Group's credit risk exposure and ECLs assessment.



# Independent Auditor's Report

## 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 AUDIT COMMITTEE 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 HKFRS Accounting Standards 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 of the Company 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.

The Audit Committee assists the directors of the Company in discharging their responsibility for overseeing the Group's financial reporting process.



# Independent Auditor's Report

## 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. We report our opinion solely to you, as a body, in accordance with our agreed terms of engagement 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 HKSA's 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 HKSA's, we exercise professional judgement 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 of the Company.
- 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.



# Independent Auditor's Report

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

- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee 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 the Audit Committee 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine the matter that was of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matter. We describe this matter 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.

### **McMillan Woods (Hong Kong) CPA Limited**

*Certified Public Accountants*

#### **Hui Chi Kong**

*Audit Engagement Director*

*Practising certificate number: P07348*

24/F., Siu On Centre  
188 Lockhart Road, Wan Chai  
Hong Kong

30 June 2025



# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2025

	Note	2025 HK\$'000	2024 HK\$'000
Revenue	7	51,360	69,849
Cost of sales		(43,208)	(55,364)
<b>Gross profit</b>		<b>8,152</b>	14,485
Other income	8	104	155
Other gains and losses, net	9	–	144
Impairment losses on trade receivables		(156)	(311)
Selling and distribution costs		(5,409)	(7,285)
Administrative expenses		(6,969)	(11,244)
<b>Loss from operations</b>		<b>(4,278)</b>	(4,056)
Finance costs	10	(556)	(509)
<b>Loss before tax</b>	11	<b>(4,834)</b>	(4,565)
Income tax expense	15	(40)	(119)
<b>Loss and total comprehensive income for the year attributable to owners of the Company</b>		<b>(4,874)</b>	(4,684)
<b>Loss per share</b>	17		(Restated)
Basic and diluted (HK\$)		(0.18)	(0.18)



# Consolidated Statement of Financial Position

As at 31 March 2025

	Note	2025 HK\$'000	2024 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	18	1,760	2,879
Right-of-use assets	19	827	–
		<u>2,587</u>	<u>2,879</u>
<b>Current assets</b>			
Inventories	21	482	878
Trade receivables	22	32,773	38,847
Deposits, prepayments and other receivables	23	482	1,402
Cash and bank balances		322	4,370
		<u>34,059</u>	<u>45,497</u>
<b>Current liabilities</b>			
Trade payables	24	12,836	20,170
Accruals and other payables	25	10,278	10,432
Amount due to a director	26	–	163
Other borrowings	27	11,637	11,727
Lease liabilities	28	819	–
Tax payables		159	119
		<u>35,729</u>	<u>42,611</u>
<b>Net current (liabilities)/assets</b>		<u>(1,670)</u>	<u>2,886</u>
<b>Total assets less current liabilities</b>		<u>917</u>	<u>5,765</u>
<b>Non-current liabilities</b>			
Lease liabilities	28	26	–
<b>Net assets</b>		<u>891</u>	<u>5,765</u>





# Consolidated Statement of Financial Position

As at 31 March 2025

	Note	2025 HK\$'000	2024 HK\$'000
<b>Equity and reserves</b>			
Equity attributable to owners of the Company			
Share capital	30	42,305	42,305
Reserves	32(a)	(41,414)	(36,540)
<b>Total equity</b>		<b>891</b>	<b>5,765</b>

Approved and authorised for issue by the board of directors on 30 June 2025 and are signed on its behalf by:

**Mr. Yao Ruhe**  
Director

**Ms. Zuo Yu**  
Director



# Consolidated Statement of Changes in Equity

For the year ended 31 March 2025

	Attributable to owners of the Company				Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000 (note (i))	Other reserve HK\$'000 (note (ii))	Accumulated losses HK\$'000	
At 1 April 2023	42,305	118,409	8	(150,273)	10,449
Loss and total comprehensive income for the year	—	—	—	(4,684)	(4,684)
At 31 March 2024 and 1 April 2024	42,305	118,409	8	(154,957)	5,765
Loss and total comprehensive income for the year	—	—	—	(4,874)	(4,874)
At 31 March 2025	42,305	118,409	8	(159,831)	891

Note:

(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) *Other reserve*

The other reserve of the Group represents the (a) difference between the nominal value of the Company's issued shares, pursuant to the reorganisation and the nominal value of the share capital and (b) capital contribution to subsidiaries by previous shareholders of the subsidiaries.



# Consolidated Statement of Cash Flows

For the year ended 31 March 2025

	2025 HK\$'000	2024 HK\$'000
<b>Cash flows from operating activities</b>		
Loss before tax	(4,834)	(4,565)
Adjustments for:		
Bank interest income	–	(1)
Finance costs	556	509
Impairment losses on trade receivables	156	311
Depreciation of property, plant and equipment	1,119	1,153
Depreciation of right-of-use assets	778	155
Write-off of property, plant and equipment	–	20
Reversal of provision for reinstatement costs	–	(164)
<b>Operating loss before working capital changes</b>	<b>(2,225)</b>	<b>(2,582)</b>
Decrease in inventories	396	2,985
Decrease/(increase) in trade receivables	5,918	(17,264)
Decrease in deposits, prepayments and other receivables	920	680
(Decrease)/increase in trade payables	(7,334)	16,647
Decrease in contract liabilities	–	(38)
(Decrease)/increase in accruals and other payables	(154)	3,800
Decrease in provisions	–	(24)
<b>Net cash (used in)/generated from operating activities</b>	<b>(2,479)</b>	<b>4,204</b>
<b>Cash flows from investing activities</b>		
Interest received	–	1
<b>Net cash generated from investing activities</b>	<b>–</b>	<b>1</b>



# Consolidated Statement of Cash Flows

For the year ended 31 March 2025

	2025 HK\$'000	2024 HK\$'000
<b>Cash flows from financing activities</b>		
Interest paid	(556)	(509)
Repayment of amount due to a director	(163)	–
Repayment of other borrowings	(90)	–
Repayment of loan from a director of a subsidiary	–	(544)
Principal elements of lease liabilities paid	(760)	(155)
<b>Net cash used in financing activities</b>	<b>(1,569)</b>	<b>(1,208)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(4,048)</b>	<b>2,997</b>
<b>Cash and cash equivalents at 1 April</b>	<b>4,370</b>	<b>1,373</b>
<b>Cash and cash equivalents at 31 March</b>	<b>322</b>	<b>4,370</b>
<b>Analysis of cash and cash equivalents</b>		
Cash and bank balances	322	4,370



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 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. The principal activities of the subsidiaries of the Company are set out in note 33 to the consolidated financial statements.

## 2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). HKFRS Accounting Standards comprise Hong Kong Financial Reporting Standards (“**HKFRS**”), Hong Kong Accounting Standards (“**HKASs**”) and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). Material accounting policies information adopted by the Group are discussed below.

The HKICPA has issued certain new and revised HKFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 3 below provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

### *Going concern basis*

For the year ended 31 March 2025, the Group incurred net loss of approximately HK\$4,874,000 and as of that date, the Group had net current liabilities of approximately HK\$1,670,000. In addition, as at 31 March 2025, the Group had other borrowings of approximately HK\$11,637,000, while the Group had cash and bank balances of approximately HK\$322,000.

In preparing the consolidated financial statements, the management has given careful consideration to the current and anticipated future liquidity of the Group and the ability of the Group to achieve positive cash flow from operations in immediate and long terms. The directors of the Company have reviewed the Group’s cash flow projections prepared by the management. The cash flow projections cover a period of twelve months from date of approval for issue of these consolidated financial statements. The directors of the Company are of the opinion that, taking into account of the plans and measures below, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from date of approval for issue of these consolidated financial statements.

In order to strengthen the Group’s capital base and maintain sufficient financing necessary for future business development, the directors of the Company have taken the following measures:

- (a) the lender of other borrowings has agreed to defer the repayment of the borrowings upon the Group has sufficient working capital for the daily operation and meet its liabilities as they fall due;
- (b) the Group will consider fund raising activities (including proposed right issue with an ordinary resolution passed at the extraordinary general meeting on 5 March 2025) to meet the financial obligations; and



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 2. BASIS OF PREPARATION (CONTINUED)

### *Going concern basis (Continued)*

- (c) the Group continues to improve operating efficiency by implementing measures to tighten the cost controls, over various operating expenses in order to enhance its profitability and to improve the cash flow from its operation in the future.

Therefore, the directors of the Company are of the view that it is appropriate to adopt the going concern basis in preparing these consolidated financial statements.

Should the Group be unable to continue to operate as a going concern, it may be unable to realise its assets and discharge its liabilities in the normal course of business. Adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for any future liabilities which might arise and to reclassify non-current assets as current assets and non-current liabilities as current liabilities. The effect of these adjustments has not been reflected in the consolidated financial statements.

## 3. ADOPTION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS

### *(a) Application of new and revised HKFRS Accounting Standards*

The Group has applied the following amendments to HKFRS Accounting Standards and interpretation issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2024 for the preparation of the consolidated financial statements:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Hong Kong Interpretation 5 ("HK Int 5") (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

### **Adoption of Amendments to HKAS 1 "Classification of Liabilities as Current or Non-current" and Amendments to HKAS 1 "Non-current Liabilities with Covenants" (collectively the "HKAS 1 Amendments")**

As a result of the adoption of the HKAS 1 Amendments, the Group changed its accounting policy for the classification of borrowings as below:

*"Borrowings are classified as current liabilities unless, at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the reporting period."*

*Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification."*

This new policy did not result in a change in the classification of the Group's borrowings. The Group did not make retrospective adjustments as a result of adopting HKAS 1 Amendments.

Except for the above, other amendments and interpretation listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 3. ADOPTION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS (CONTINUED)

### (b) Revised HKFRS Accounting Standards in issue but not yet effective

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of new standards and amendments to standards and interpretation, which are not effective for the year ended 31 March 2025 and which have not been adopted in these consolidated financial statements. The Group has not early applied the following which may be relevant to the Group:

	Effective for accounting periods beginning on or after
Amendments to HKAS 21 and HKFRS 1 — Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7 — Classification and Measurement of Financial Instruments	1 January 2026
Amendments to HKFRS 9 and HKFRS 7 — Contracts Referencing Nature-dependent Electricity	1 January 2026
Annual Improvements to HKFRS Accounting Standards — Volume 11	1 January 2026
HKFRS 18 — Presentation and Disclosure in Financial Statements	1 January 2027
Amendments to HK Int 5 — Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
Amendments to HKFRS 10 and HKAS 28 — Sale or Contribution of Assets between an Investor and its Associate Joint Vent	To be determined by the HKICPA

The directors of the Company are in the process of making an assessment of what the impacts of these new standards, amendments to standards and interpretation are expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for:

### HKFRS 18 “Presentation and Disclosure in Financial Statements”

HKFRS 18 will replace HKAS 1 “Presentation of financial statements”, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the consolidated financial statements, HKFRS 18 introduces significant changes to the presentation of financial statements, with a focus on information about financial performance present in the statement of profit or loss, which will affect how the Group present and disclose financial performance in the financial statements. The key changes introduced in HKFRS 18 relate to (i) the structure of the statement of profit or loss, (ii) required disclosures for management-defined performance measures (which are referred to alternative or non-GAAP performance measures), and (iii) enhanced requirements for aggregation and disaggregation of information.

The directors of the Company are currently assessing the impact of applying HKFRS 18 on the presentation and the disclosures of the consolidated financial statements.





# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION

These consolidated financial statements have been prepared under the historical cost convention basis.

The preparation of consolidated financial statements in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

The material accounting policies information applied in the preparation of these consolidated financial statements are set out below.

### (a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March. The financial statements of the subsidiaries are prepared for the same reporting year as that of the Company. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date when such control ceases.

### (b) Separate financial statements

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment loss, if any. Cost includes direct attributable costs of investments. The results of subsidiaries are accounted for by the Company on the basis of dividend received or receivable.

### (c) Property, plant and equipment

Property, plant and equipment are held for use in the 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.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in the profit or loss during the period in which they are incurred.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### (c) *Property, plant and equipment (Continued)*

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their costs less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates used for this purpose are as follows:

Leasehold improvement	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 vehicles	20%

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss in the year in which the item is derecognised.

### (d) *Leases*

At inception of a contract, the Group assesses whether the contract is, or contains, 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. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

#### **The Group as a lessee**

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less. When the Group enters into a lease in respect of low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method.

Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### (d) Leases (Continued)

#### The Group as a lessee (Continued)

To determine the incremental borrowing rate, the Group uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the group entities use that rate as a starting point to determine the incremental borrowing rate.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

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.

### (e) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out basis and comprise all costs of purchase and, where applicable, costs that have been incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

### (f) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### (f) *Recognition and derecognition of financial instruments (Continued)*

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. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

### (g) *Financial assets*

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 marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Debt held by the Group are classified into amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.

### (h) *Trade and other receivables*

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less allowance for credit loss.

### (i) *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and on hand, deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows. Cash and cash equivalents are assessed for ECL.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### (j) *Financial liabilities and equity instruments*

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRS Accounting Standards. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

### (k) *Trade and other payables*

Trade and other payables are stated initially at fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

### (l) *Borrowings*

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

### (m) *Equity instruments*

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

### (n) *Revenue and other income*

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Revenue from the sale of goods is recognised when control of the goods has transferred, being when the goods have been shipped to the wholesaler's specific location (delivery). Following delivery, the wholesaler has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Group when the goods are delivered to the wholesaler as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### (n) *Revenue and other income (Continued)*

Revenue from the sale of goods is recognised when control of the goods has transferred, being at the point the customer purchases the goods at the retail stores. Payment of the transaction price is due immediately at the point the customer purchases the goods. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognised for those products expected to be returned. At the same time, the Group has a right to recover the product when customers exercise their right of return so consequently recognises a right to returned goods asset and a corresponding adjustment to cost of sales. It is considered highly probable that a significant reversal in the cumulative revenue recognised will not occur given the consistent level of returns over previous years.

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

### (o) *Employee benefits*

#### (i) *Employee leave entitlements*

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

#### (ii) *Pension obligations*

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

#### (iii) *Termination benefits*

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs and involves the payment of termination benefits.

### (p) *Taxation*

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes 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.





# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### (p) *Taxation (Continued)*

Deferred tax 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 deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such 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 and at the time of transaction does not give rise to equal taxable and deductible temporary differences.

### (q) *Borrowing costs*

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

### (r) *Impairment of non-financial assets*

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

Value in use is the present value of the estimated future cash flows of the asset/cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/cash-generating unit whose impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the cash-generating unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

### (s) *Impairment of financial assets*

The Group recognises a loss allowance for ECL measured at amortised cost such as trade receivables, deposits and other receivables and bank balances. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The ECL on these financial assets are estimated based on historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.





# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### (s) *Impairment of financial assets (Continued)*

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

### **Significant increase in credit risk**

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument 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. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

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

- 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 for a particular financial instrument;
- 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;
- significant increases in credit risk on other financial instruments of the same 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 on a financial asset 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.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### (s) *Impairment of financial assets (Continued)*

#### **Significant increase in credit risk (Continued)**

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- (i) The financial instrument has a low risk of default,
- (ii) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- (iii) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of “investment grade” in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of “performing”. Performing means that the counterparty has a strong financial position and there is no past due amounts.

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.

#### **Definition of default**

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor 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 analysis, 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.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### (s) *Impairment of financial assets (Continued)*

#### **Credit-impaired financial assets**

A financial asset is credit-impaired when one or more events 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:

- significant financial difficulty of the issuer or the counterparty;
- a breach of contract, such as a default or past due event;
- the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

#### **Write-off policy**

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

#### **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 as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date, as determined based on the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### (s) *Impairment of financial assets (Continued)*

#### **Measurement and recognition of ECL (Continued)**

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

### (t) *Provisions and contingent liabilities*

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

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 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 is remote.

## 5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In applying the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated 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 ongoing 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***

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognized in the consolidated financial statements (apart from those involving estimations, which are dealt with below).



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

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

### *Critical judgements in applying accounting policies (Continued)*

#### **Going concern basis**

These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the successful outcomes of the Group's plans and measures to finance the working capital requirements of the Group. Details are explained in note 2 to the consolidated financial statements.

#### **Key sources of estimation uncertainty**

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

#### **(a) Impairment of property, plant and equipment and right-of-use assets**

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (i) whether an event has occurred or any indicators that may affect the asset value; (ii) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (iii) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the assets belongs. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

The carrying amounts of property, plant and equipment and right-of-use assets as at 31 March 2025 were approximately HK\$1,760,000 (2024: HK\$2,879,000) and HK\$827,000 (2024: Nil) respectively. No impairment loss was recognised for the years ended 31 March 2025 and 2024.

#### **(b) Impairment of trade receivables**

The loss allowances for trade receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculations, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

The Group applies the provision matrix to provide for ECL, the trade receivables are grouped based on certain common credit risk characteristics by reference to the Group's historical default data, which use the lifetime ECL provision for all trade receivables. Credit-impaired trade debtors and trade debtors with significant balances are assessed for ECL individually.

As at 31 March 2025, the carrying amount of trade receivables was approximately HK\$32,773,000 (net of allowance for doubtful debts of HK\$1,140,000) (2024: HK\$38,847,000 (net of allowance for doubtful debts of HK\$984,000)).



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 6. 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 (“**CODM**”), that are used to allocate resources and assess performance.

Sale of baby and children garments includes brand “Mides” and complementary third party brand products through self-operated retail stores and department store counters in Hong Kong, and wholesale in United Kingdom and the PRC, including Hong Kong and Macau.

Since there is only one operating segment of the Group, no segment information is presented other than entity-wide disclosures.

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

	2025 HK\$'000	2024 HK\$'000
PRC includes Hong Kong and Macau	51,360	67,723
United Kingdom	—	2,126
	<u>51,360</u>	<u>69,849</u>

All of the Group’s non-current assets are located in Hong Kong as at 31 March 2025 and 2024. Accordingly, no further geographical information of non-current assets to be disclosed.

### Information about major customers

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

	2025 HK\$'000	2024 HK\$'000
Customer A	N/A*	21,226
Customer B	N/A*	11,633
Customer C	N/A*	7,812
Customer D	N/A*	7,774
Customer E	N/A*	6,955
Customer F	6,575	N/A*
Customer G	<u>5,265</u>	<u>N/A*</u>

\* The customer contributed less than 10% of the total revenue of the Group during the respective year.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 7. REVENUE

Revenue represents the aggregation of net amounts received and receivable during the year. An analysis of the Group's revenue for the year is as follows:

	2025 HK\$'000	2024 HK\$'000
<b>Revenue recognised at a point in time within the scope of HKFRS 15</b>		
Sales of baby and children garments	51,360	69,849

## 8. OTHER INCOME

	2025 HK\$'000	2024 HK\$'000
Bank interest income	–	1
Sundry income	104	154
	<b>104</b>	<b>155</b>

## 9. OTHER GAINS AND LOSSES, NET

	2025 HK\$'000	2024 HK\$'000
Reversal of provision for reinstatement costs	–	164
Write-off of property, plant and equipment	–	(20)
	<b>–</b>	<b>144</b>





# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 10. FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000
Interest on a loan from a director of a subsidiary	–	5
Interest on other borrowings	502	503
Interest on lease liabilities	54	1
	<b>556</b>	<b>509</b>

## 11. LOSS BEFORE TAX

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

	2025 HK\$'000	2024 HK\$'000
Directors' remuneration (note 12)	510	516
Employee benefit expenses (excluding directors' remuneration):		
— Salaries, allowances and other benefits	2,529	5,325
— Pension scheme contributions	118	288
	<b>2,647</b>	<b>5,613</b>
Total staff costs	<b>3,157</b>	<b>6,129</b>
Auditor's remuneration		
— Audit services	550	550
— Non-audit services	60	–
Cost of inventories recognised as an expenses	43,208	55,364
Depreciation of property, plant and equipment	1,119	1,153
Depreciation of right-of-use assets	778	155
Expenses relating to short-term lease	–	298
Variable lease expenses	1,022	1,992
Impairment losses on trade receivables	156	311



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 12. DIRECTORS' REMUNERATION

Directors' remuneration during the year is as follows:

Year ended 31 March 2025	Salaries, allowances and other benefits		
	Fees HK\$'000	benefits HK\$'000	Total HK\$'000
<i>Executive directors: (note (i))</i>			
Ms. Wong Ka Man (note (iii))	–	48	48
Mr. Yao Ruhe	–	120	120
Ms. Kam Chun Fong	–	60	60
Ms. Zuo Yu (note (iv))	–	42	42
<i>Independent non-executive directors: (note (ii))</i>			
Mr. Wu Chi King	120	–	120
Ms. Wong Ying Yu	60	–	60
Mr. Lang Yonghua	60	–	60
	<b>240</b>	<b>270</b>	<b>510</b>
Year ended 31 March 2024	Salaries, allowances and other benefits		
	Fees HK\$'000	benefits HK\$'000	Total HK\$'000
<i>Executive directors: (note (i))</i>			
Ms. Wong Ka Man (note (iii))	–	96	96
Mr. Yao Ruhe	–	120	120
Ms. Kam Chun Fong	–	60	60
<i>Independent non-executive directors: (note (ii))</i>			
Mr. Wu Chi King	120	–	120
Ms. Wong Ying Yu	60	–	60
Mr. Lang Yonghua	60	–	60
	<b>240</b>	<b>276</b>	<b>516</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 12. DIRECTORS' REMUNERATION (CONTINUED)

Note:

- (i) The emoluments of these directors were mainly for their services in connection with management of the affairs of the Company and its subsidiaries.
- (ii) The emoluments of the independent non-executive directors' emoluments shown above were for their services as directors of the Company.
- (iii) Ms. Wong Ka Man resigned as executive director on 7 October 2024.
- (iv) Ms. Zuo Yu was appointed as executive director on 7 October 2024.

There was no arrangement under which a director waived or agreed to waive any emolument during the years ended 31 March 2025 and 2024.

During the years ended 31 March 2025 and 2024, no emolument has been paid to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the years.

## 13. FIVE HIGHEST PAID INDIVIDUALS

None of director included in the five highest paid individuals of the Group during the years ended 31 March 2025 and 2024. Details of the emoluments in respect of the remaining five (2024: five) individuals are as follows:

	2025 HK\$'000	2024 HK\$'000
Salaries, allowances and other benefits	1,626	2,188
Pension scheme contributions	75	71
	<u>1,701</u>	<u>2,259</u>

The emoluments fell within the following band:

	Number of individuals	
	2025	2024
Nil to HK\$1,000,000	<u>5</u>	<u>5</u>

During the years ended 31 March 2025 and 2024, no remuneration was paid by the Group to any of the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 14. RETIREMENT BENEFIT SCHEMES

The Group operates a mandatory provident fund scheme (the **"MPF Scheme"**) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The Group's contributions to the MPF Scheme are calculated at 5% (2024: 5%) of the salaries and wages subject to a monthly maximum amount of HK\$1,500 (2024: HK\$1,500) per employee and vest fully with employees when contributed into the MPF Scheme.

During the years ended 31 March 2025 and 2024, the Group had no forfeited contributions under MPF Scheme and which may be used by the Group to reduce the existing level of contributions. There were also no forfeited contributions available at 31 March 2025 and 2024 under MPF Scheme which may be used by the Group to reduce the contribution payable in future years.

## 15. INCOME TAX EXPENSE

Income tax has been recognised in profit or loss as following:

	2025 HK\$'000	2024 HK\$'000
Current tax		
Provision for the year	68	119
Over-provision in prior years	(28)	–
	<u>40</u>	<u>119</u>

Under the two-tiered Hong Kong Profits tax regime, 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 2025 and 2024. The profits of the group entities not qualifying for the two-tiered Profits Tax rate regime will continue to be taxed at a rate of 16.5%.

A reconciliation between the income tax expense and the loss before tax multiplied by the statutory tax rates is as follows:

	2025 HK\$'000	2024 HK\$'000
Loss before tax	(4,834)	(4,565)
Tax at the applicable tax rate at 16.5% (2024: 16.5%)	(797)	(753)
Tax effect of non-taxable income	–	(30)
Tax effect of non-deductible expenses	369	359
Tax effect of temporary difference not recognised	(59)	173
Tax effect of tax losses not recognised	626	395
Tax effect of utilisation of tax losses not previously recognised	–	(25)
Tax effect of two-tiered tax regime	(69)	–
Tax reduction	(2)	–
Over-provision in prior years	(28)	–
Income tax expense	<u>40</u>	<u>119</u>

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 16. DIVIDEND

No dividend was declared and paid during the years ended 31 March 2025 and 2024.

## 17. LOSS PER SHARE

### (a) Basic loss per share

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

	2025 HK\$'000	2024 HK\$'000
<b>Loss for the year</b>		
Loss for the year attributed to the owners of the Company for the purpose of calculating basic loss per share	(4,874)	(4,684)
<b>Number of shares</b>		2024 (Restated)
Number of ordinary shares for the purpose of calculating basic loss per share	26,440,590	26,440,590

### (b) Diluted loss per share

No adjustment had been made to the basic loss per share for the years ended 31 March 2025 and 2024 as the Company has no outstanding potential ordinary share during both years.

For the purposes of calculation of basis and diluted loss per share for the years ended 31 March 2025 and 2024, the share consolidation of the Company being effective on 7 March 2025 (note 30(a)) was deemed to be effective throughout the period from 1 April 2023 to 31 March 2025.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 18. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$'000	Furniture, fixtures and office equipment HK\$'000	Total HK\$'000
<b>Cost</b>			
As at 1 April 2023	628	6,329	6,957
Written-off	(51)	–	(51)
As at 31 March 2024 and 1 April 2024	577	6,329	6,906
Written-off	–	(138)	(138)
<b>As at 31 March 2025</b>	<b>577</b>	<b>6,191</b>	<b>6,768</b>
<b>Accumulated depreciation</b>			
As at 1 April 2023	457	2,448	2,905
Depreciation	92	1,061	1,153
Written-off	(31)	–	(31)
As at 31 March 2024 and 1 April 2024	518	3,509	4,027
Depreciation	59	1,060	1,119
Written-off	–	(138)	(138)
<b>As at 31 March 2025</b>	<b>577</b>	<b>4,431</b>	<b>5,008</b>
<b>Net carrying amount</b>			
<b>As at 31 March 2025</b>	<b>–</b>	<b>1,760</b>	<b>1,760</b>
As at 31 March 2024	59	2,820	2,879

During the year ended 31 March 2025 and 2024, due to the existence of impairment indicator, the Group assessed the recoverable amount of the cash-generating unit (the “CGU”), and no impairment loss was recognised in the consolidated profit or loss in respect of property, plant and equipment and right-of-use assets allocated to the CGU.

The recoverable amount of the CGU 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. 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 CGU. 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 CGU in 2025 are a discount rate of 16.63% (2024: 16.60%) and annual revenue growth rate of 3.0% (2024: 4.8%). As at 31 March 2025 and 2024, the recoverable amount of the CGU is higher than its carrying amount.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 19. RIGHT-OF-USE ASSETS

	Warehouse and retail stores HK\$'000 (note (a))
As at 1 April 2023	155
Depreciation	(155)
As at 31 March 2024 and 1 April 2024	–
Addition	1,605
Depreciation	(778)
<b>As at 31 March 2025</b>	<b>827</b>

Lease liabilities of approximately HK\$845,000 (2024: Nil) were recognised with related right-of-use assets of approximately HK\$827,000 (2024: Nil) as at 31 March 2025.

The lease agreements did not impose any covenants other than the security interests in the leased assets that were held by the lessor. Leased assets may not be used as security for borrowing purposes.

	2025 HK\$'000	2024 HK\$'000
Depreciation of right-of-use assets	778	155
Interest expenses on lease liabilities (included in finance costs)	54	1
Expenses relating to short-term leases (included in selling and distribution costs)	–	298
Variable lease payments not included in the measurement of lease liabilities (included in selling and distribution costs) (note (a))	1,022	1,992

Details of total cash outflow for leases is set out in note 35(b).

Note:

- (a) The Group has obtained the right to use of other properties as offices, warehouses and retail stores through tenancy agreements. The leases typically run for an initial period of two to three years (2024: two to three years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

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.





# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 20. DEFERRED TAX ASSETS

As at 31 March 2025, no deferred tax asset has been recognised in respect of the unused tax losses amounting to approximately HK\$31,833,000 (2024: HK\$28,041,000) due to the unpredictability of future profit streams of the Hong Kong subsidiaries. The unused tax losses may be carried forward infinitely.

## 21. INVENTORIES

	2025 HK\$'000	2024 HK\$'000
Finished goods	482	878

No allowance for inventories was charged to profit or loss during the years ended 31 March 2025 and 2024.

## 22. TRADE RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Trade receivables	33,913	39,831
Less: allowance for credit losses	(1,140)	(984)
Trade receivables, net	32,773	38,847

The Group's trading terms with wholesales customers are mainly on credit. The credit terms generally range from 30 to 90 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors of the Company.

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:

	2025 HK\$'000	2024 HK\$'000
Within 30 days	9,046	8,832
31 days to 120 days	13,093	20,899
121 days to 1 year	11,604	10,100
Over 1 year	170	–
	33,913	39,831
Less: allowance for credit losses	(1,140)	(984)
	32,773	38,847

The Group's trade receivables are denominated in Hong Kong dollars.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 23. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Rental and utilities deposits	149	517
Trade deposits	284	857
Prepayments	10	28
Other receivables	39	–
	<u>482</u>	<u>1,402</u>

All deposits, prepayments and other receivables are denominated in Hong Kong dollars.

## 24. TRADE PAYABLES

	2025 HK\$'000	2024 HK\$'000
Trade payables	<u>12,836</u>	<u>20,170</u>

The average credit period on trade payables is 30 days. The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2025 HK\$'000	2024 HK\$'000
Within 30 days	8,665	6,420
31 days to 1 year	4,000	13,098
More than 1 year	171	652
	<u>12,836</u>	<u>20,170</u>



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 24. TRADE PAYABLES (CONTINUED)

The carrying amounts of the Group's trade payables, which are denominated in currencies as follow:

	2025 HK\$'000	2024 HK\$'000
HK\$	12,701	19,460
Renminbi	135	710
	<u>12,836</u>	<u>20,170</u>

## 25. ACCRUALS AND OTHER PAYABLES

	2025 HK\$'000	2024 HK\$'000
Other payables	1,069	1,078
Accrued expenses	9,209	9,354
	<u>10,278</u>	<u>10,432</u>

All accruals and other payables are denominated in Hong Kong dollars.

## 26. AMOUNT DUE TO A DIRECTOR

The amount due was unsecured, interest-free and repayable on demand.

## 27. OTHER BORROWINGS

On 17 May 2019, the Group entered into an agreement with a former director of the Company, who resigned on 24 April 2020, to borrow a loan of HK\$20,000,000 with maturity date on 30 June 2021. As at 31 March 2025, the outstanding balance of approximately HK\$8,367,000 (2024: HK\$8,367,000) was unsecured, bearing interest at the rate of 4% per annum and repayable on demand.

On 3 August 2021, the Group entered into another agreement with the same former director of the Company to borrow a loan of HK\$3,360,000 with maturity date on 2 August 2022. As at 31 March 2025, the outstanding balance of approximately HK\$3,270,000 (2024: HK\$3,360,000) was unsecured, bearing interest at the rate of 5% per annum and repayable on demand.

The other borrowings were denominated in Hong Kong dollars.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 28. LEASE LIABILITIES

	Minimum lease payment		Present value of minimum lease payment	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Within one year	840	–	819	–
Between one to two years	26	–	26	–
	866	–	845	–
Less: future finance charges	(21)	–	N/A	–
Present value of lease liabilities	845	–	845	–
Less: Amount due for settlement with 12 months shown under current liabilities			(819)	–
Amount due for settlement after 12 months shown under non-current liabilities			26	–

As at 31 March 2025, the incremental borrowing rate applied to lease liabilities is 4.88% (2024: Nil) per annum.

All lease payments were denominated in Hong Kong dollars.

## 29. SHARE OPTION SCHEME

The Company has adopted the share option scheme on 28 December 2017 and has been amended on 28 April 2023 (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.

Details of the Share Option Scheme are as follows:

### (a) 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.

### (b) Eligible participants

The eligible participants include directors (including independent non-executive directors) and employees of any member of the Group (including persons who are granted options under this Share Option Scheme as an inducement to enter into employment contracts with any member of the Group).



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 29. SHARE OPTION SCHEME (CONTINUED)

### (c) *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 or awards of the Group must not in aggregate exceed 10% of the total number of shares in issue as at 28 April 2023, being the date of approval of the refreshment of 10% general scheme limit under the Share Option Scheme by the Shareholders.

### (d) *Maximum entitlement of each participant*

The total number of shares issued and to be issued upon exercise of the options or awards granted under the Share Option Scheme (including both exercised and outstanding options or awards) 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 or awards 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 or awards to a substantial Shareholder or an independent non-executive director 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 or awards must be approved by the Shareholders.

### (e) *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.

### (f) *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.

### (g) *Minimum period for which an option must be held before it can be exercised*

The vesting period for options shall not be less than 12 months. Options granted to employee participants may be subject to a shorter vesting period under the following circumstances:

- (i) grants of Options with performance-based vesting conditions as determined by the Board, in lieu of time-based vesting criteria;
- (ii) grants of Options with a mixed or accelerated vesting schedule such as where the awards may vest evenly over a period of 12 months; and
- (iii) grants of Options with a total vesting and holding period of more than 12 months.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 29. SHARE OPTION SCHEME (CONTINUED)

### (h) *Consideration for the option*

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

### (i) *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: (i) 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; (ii) 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 (iii) the nominal value of a Share.

### (j) *Transfer or assignment*

An option is personal to the grantee and shall not be transferable or assignable. Subject to the Stock Exchange granting the necessary waiver, a grantee may transfer any options to a vehicle (such as a trust or a private company) for the benefit of the grantee and any family members of such grantee including but not limited to for estate planning and/or tax planning purposes that would continue to meet the purpose of the Share Option Scheme and comply with other requirements of Chapter 23 of the GEM Listing Rules.

### (k) *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.

No option has been granted, exercised, cancelled or lapsed under the Share Option Scheme during the years ended 31 March 2025 and 2024. The Company did not have any outstanding share options, warrants, derivatives or securities which are convertible or exchangeable into shares as at 31 March 2025 and 2024 and up to the date of this report.

As at 31 March 2025 and 2024, there were no shares granted under the Share Option Scheme of the Company. As at 31 March 2025 and the date of this report, there were 2,644,059 (2024: 2,644,059 (restated)) and 2,644,059 (2024: 2,644,059 (restated)) share options available to be granted under the Share Option Scheme of the Company, which represented 10% of total number of shares in issue of the Company.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 30. SHARE CAPITAL

		Number of shares		
		Par value of HK\$0.2 each	Par value of HK\$1.6 each	Amount HK\$
	Note			
Authorised ordinary shares:				
As at 1 April 2023, 31 March 2024 and 1 April 2024		500,000,000	–	100,000,000
Share consolidation	(a)	(500,000,000)	62,500,000	–
<b>As at 31 March 2025</b>		<b>–</b>	<b>62,500,000</b>	<b>100,000,000</b>
Issue and fully paid ordinary shares:				
As at 1 April 2023, 31 March 2024 and 1 April 2024		211,524,720	–	42,304,944
Share consolidation	(a)	(211,524,720)	26,440,590	–
<b>As at 31 March 2025</b>		<b>–</b>	<b>26,440,590</b>	<b>42,304,944</b>

Note (a):

On 5 March 2025, an ordinary resolution was passed at the extraordinary general meeting of the Company that every eight issued and unissued existing shares of a par value of HK\$0.2 each in the share capital of the Company be consolidated into one consolidated share of a par value of HK\$1.6 each in the share capital of the Company (the “**Share Consolidation**”). The Share Consolidation became effective on 7 March 2025.

For details, please refer to the announcements of the Company dated 20 December 2024 and 5 March 2025 and the circular of the Company dated 14 February 2025.





# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 31. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	2025 HK\$'000	2024 HK\$'000
<b>Non-current assets</b>			
Investments in subsidiaries		—	—
<b>Current assets</b>			
Amounts due from subsidiaries		718	3,970
Cash and bank balances		56	158
		<u>774</u>	<u>4,128</u>
<b>Current liabilities</b>			
Accruals and other payables		3,872	3,610
Amount due to a director		—	1
Other borrowings		8,367	8,367
		<u>12,239</u>	<u>11,978</u>
<b>Net current liabilities</b>		<u>(11,465)</u>	<u>(7,850)</u>
<b>Net liabilities</b>		<u>(11,465)</u>	<u>(7,850)</u>
<b>Capital and reserves</b>			
Share capital	30	42,305	42,305
Reserves	32(b)	(53,770)	(50,155)
<b>Capital deficiency</b>		<u>(11,465)</u>	<u>(7,850)</u>

Approved and authorised for issue by the board of directors on 30 June 2025 and are signed on its behalf by:

**Mr. Yao Ruhe**  
Director

**Ms. Zuo Yu**  
Director



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 32. RESERVES

### (a) Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

### (b) Company

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 2023	118,409	(158,212)	(39,803)
Loss and total comprehensive income for the year	–	(10,352)	(10,352)
As at 31 March 2024 and 1 April 2024	<b>118,409</b>	<b>(168,564)</b>	<b>(50,155)</b>
<b>Loss and total comprehensive income for the year</b>	<b>–</b>	<b>(3,615)</b>	<b>(3,615)</b>
<b>As at 31 March 2025</b>	<b>118,409</b>	<b>(172,179)</b>	<b>(53,770)</b>



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 33. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the Company's principal subsidiaries as at 31 March 2025 and 2024 are as follows:

Name	Place of incorporation/ operation/kind of legal entity	Issued ordinary share capital/ registered capital	Percentage of equity attributable to the Company		Principal activity
			2025	2024	
Directly owned subsidiaries:					
Flair Elite Limited	BVI/HK/Limited liability company	US\$1	100%	100%	Inactive
LFC Partners Limited	BVI/HK/Limited liability company	HK\$1	100%	100%	Investment holding
All I Adore Limited	HK/HK/Limited liability company	HK\$10,000	100%	100%	Trading of children wear
Indirectly owned subsidiaries:					
Babies Trendyland Limited	HK/HK/Limited liability company	HK\$1,000,000	100%	100%	Trading of children wear
Babies SPHC Limited	HK/HK/Limited liability company	HK\$300,000	100%	100%	Inactive
Babies B1 Limited	HK/HK/Limited liability company	HK\$300,000	100%	100%	Inactive
Babies D1 Limited	HK/HK/Limited liability company	HK\$300,000	100%	100%	Inactive
Mi'Des Associated Partners Limited	BVI/HK/Limited liability company	US\$2	100%	100%	Inactive

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.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 34. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere to the consolidated financial statement, the Group entered into the following transactions with its related parties during the year:

### *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 12 to the consolidated financial statements.

## 35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

### *(a) 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.

	Amount due to a director HK\$'000	Loan from a director of a subsidiary HK\$'000	Other borrowings HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
As at 1 April 2023	163	544	11,727	155	12,589
Repayment of loan from a director of a subsidiary	–	(544)	–	–	(544)
Finance costs paid	–	(5)	(503)	–	(508)
Principal element of lease liabilities paid	–	–	–	(155)	(155)
Interest element of lease liabilities paid	–	–	–	(1)	(1)
Interest expenses	–	5	503	1	509
As at 31 March 2024 and 1 April 2024	163	–	11,727	–	11,890
Addition	–	–	–	1,605	1,605
Finance costs paid	–	–	(502)	–	(502)
Repayment of amount due to a director	(163)	–	–	–	(163)
Repayment of other borrowings	–	–	(90)	–	(90)
Principal element of lease liabilities paid	–	–	–	(760)	(760)
Interest element of lease liabilities paid	–	–	–	(54)	(54)
Interest expenses	–	–	502	54	556
As at 31 March 2025	–	–	11,637	845	12,482

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

### (b) Total cash outflow for leases

Amounts included in the consolidated statement of cash flows for leases comprise the following:

	2025 HK\$'000	2024 HK\$'000
Within operating cash flows	1,022	2,290
Within financing cash flows	814	156
	<b>1,836</b>	<b>2,446</b>

These amounts relate to the lease rental paid.

### (c) Major non-cash transaction

Addition to right-of-use assets during the year of HK\$1,605,000 (2024: Nil) was financed by lease liabilities.

## 36. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

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

	2025 HK\$'000	2024 HK\$'000
<b>Finance assets measures at amortised cost</b>		
Trade receivables	32,773	38,847
Deposits and other receivables	188	517
Cash and bank balances	322	4,370
	<b>33,283</b>	<b>43,734</b>
	2025 HK\$'000	2024 HK\$'000
<b>Finance liabilities measures at amortised cost</b>		
Trade payables	12,836	20,170
Accruals and other payables	10,278	10,432
Amount due to a director	–	163
Other borrowings	11,637	11,727
	<b>34,751</b>	<b>42,492</b>



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 37. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

### (a) Foreign currency risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities.

The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

### (b) 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, 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.

For the operation of wholesales business, 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 11% (2024: 27%) of the trade receivables was due from the Group's largest customer.

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.

### Trade receivables

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECL.

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.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 37. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (b) Credit risk and impairment assessment (Continued)

#### Trade receivables (Continued)

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

#### As at 31 March 2025

		Gross carrying amount HK\$'000	ECL HK\$'000	Net carrying amount HK\$'000
Not past due and less than 30 days past due	1.14%	22,081	(251)	21,830
31–120 days past due	2.88%	5,997	(173)	5,824
121 days to 1 year past due	9.64%	5,665	(546)	5,119
Over 1 year past due	100.00%	170	(170)	–
Total		33,913	(1,140)	32,773

#### As at 31 March 2024

		Gross carrying amount HK\$'000	ECL HK\$'000	Net carrying amount HK\$'000
Not past due and less than 30 days past due	0.60%	27,386	(163)	27,223
31–120 days past due	5.72%	7,795	(446)	7,349
121 days to 1 year past due	8.06%	4,650	(375)	4,275
Total		39,831	(984)	38,847

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.





# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 37. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (b) Credit risk and impairment assessment (Continued)

#### Trade receivables (Continued)

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.

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

	Lifetime ECL HK\$'000
At 1 April 2023	673
— Impairment losses recognised	311
At 31 March 2024 and 1 April 2024	984
— Impairment losses recognised	156
<b>At 31 March 2025</b>	<b>1,140</b>

#### Deposits paid 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.

#### Bank balances

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

### (c) 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.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 37. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (c) Liquidity risk (Continued)

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.

	Within 1 year or on demand HK\$'000	Between 1 and 2 years HK\$'000	Total undiscounted cash outflows HK\$'000	Carrying amount HK\$'000
<b>At 31 March 2025</b>				
Trade payables	12,836	–	12,836	12,836
Accruals and other payables	10,278	–	10,278	10,278
Other borrowings	11,637	–	11,637	11,637
Lease liabilities	840	26	866	845
	<b>35,591</b>	<b>26</b>	<b>35,617</b>	<b>35,596</b>
	Within 1 year or on demand HK\$'000	Between 1 and 2 years HK\$'000	Total undiscounted cash outflows HK\$'000	Carrying amount HK\$'000
<b>At 31 March 2024</b>				
Trade payables	20,170	–	20,170	20,170
Accruals and other payables	10,432	–	10,432	10,432
Amount due to a director	163	–	163	163
Other borrowings	11,727	–	11,727	11,727
	<b>42,492</b>	<b>–</b>	<b>42,492</b>	<b>42,492</b>

### (d) Interest rate risk

The Group's other borrowings and lease liabilities bear interests at fixed interest rates and therefore are subject to fair value interest rate risks.

The Group's exposure to cash flow interest rate risk arises from its bank balances. These bank balances bear interests at variable rates that vary with the then prevailing market condition.

Except as stated above, the Group does not have other significant interest-bearing assets and liabilities at the end of reporting period, its income and operating cash flows are substantially independent of changes in market interest rates.

### (e) Fair value

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values as at 31 March 2025 and 2024.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 38. 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 (which represent total debts including other borrowings, lease liabilities and amount due to a director), net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, accumulated losses and other reserves.

The Group monitors its capital structure on the basis of gearing ratio. The Group's gearing ratios at the end of reporting period were as follows:

	2025 HK\$'000	2024 HK\$'000
Other borrowings	11,637	11,727
Lease liabilities	845	–
Amount due to a director	–	163
Less: Cash and bank balances	(322)	(4,370)
Net debts	12,160	7,520
Total equity	891	5,765
Gearing ratio	1,365%	130%

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. No change was made in the objectives, policies or processes for managing capital during the years ended 31 March 2025 and 2024.

The only externally imposed capital requirement for the Group is that in order to maintain its listing on the Stock Exchange, it has to have a public float of at least 25% of the shares. During the years ended 31 March 2025 and 2024, the Group has maintained a sufficient public float to comply with the GEM Listing Rules.

## 39. CONTINGENT LIABILITIES

As at 31 March 2025 and 2024, the Group did not have any significant contingent liabilities.



# 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

	2025 HK\$'000	Year ended 31 March			
		2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Revenue	51,360	69,849	78,437	74,483	87,278
Loss before tax	(4,834)	(4,565)	(6,008)	(21,421)	(10,395)
Income tax expense	(40)	(119)	–	–	–
Net loss for the year	(4,874)	(4,684)	(6,008)	(21,421)	(10,395)
Net loss from ordinary activities for the year	(4,874)	(4,684)	(6,008)	(21,421)	(64,845)
Continuing operations	(4,874)	(4,684)	(6,008)	(21,421)	(10,395)
Discontinued operations	–	–	–	–	(54,450)

## CONSOLIDATED ASSETS AND LIABILITIES

	2025 HK\$'000	As at 31 March			
		2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Non-current assets	2,587	2,879	4,429	6,880	9,308
Current assets	34,059	45,497	28,990	37,803	41,420
Current liabilities	(35,729)	(42,611)	(22,970)	(26,878)	(70,243)
Net current (liabilities) /assets	(1,670)	2,886	6,020	10,925	(28,823)
Non-current liabilities	(26)	–	–	(1,348)	(3,104)
Net assets/(liabilities)	891	5,765	10,449	16,457	(22,619)

