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)

ANNOUNCEMENT OF THE ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2019

The board of directors of Mansion International Holdings Limited (the "**Company**", the "**Directors**" and the "**Board**", respectively) announces the audited consolidated results of the Company and its subsidiaries for the year ended 31 March 2019. This announcement, containing the full text of the 2018/19 annual report of the Company (the "**Annual Report**"), complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") in relation to the information to accompany the preliminary announcement of annual results. The printed version of the Annual Report will be delivered to the shareholders of the Company and available for viewing on the websites of the Stock Exchange at www.hkexnews.hk and of the Company at www.mansionintl.com in due course in the manner as required by the GEM Listing Rules.

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

Hong Kong, 21 June 2019

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

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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

*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.*

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Independent Non-executive Directors

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

BOARD COMMITTEES

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

COMPLIANCE OFFICER

Mr. Cheung Desmond Lap Wai

COMPANY SECRETARY

Sir Kwok Siu Man KR

AUTHORISED REPRESENTATIVES

Mr. Cheung Desmond Lap Wai
Sir Kwok Siu Man KR

INDEPENDENT AUDITOR

BDO Limited

COMPLIANCE ADVISER

Alliance Capital Partners Limited

LEGAL ADVISER

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

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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

REGISTERED OFFICE

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

PRINCIPAL BANKER

DBS Bank (Hong Kong) Ltd.

COMPANY WEBSITE

www.mansionintl.com

STOCK CODE

8456

CHAIRLADY'S STATEMENT

Dear Shareholders,

For the year ended 31 March 2019 ("**FY2019**"), it has been really a tough and challenging year for the Company and its subsidiaries (the "**Group**") because of the sudden death of the late Ms. Fung Sau Ying ("**Ms. Fung**"), the chairlady of the board of Directors (the "**Board**" and the "**Chairlady**", respectively) in November 2018. As Ms. Fung, the founder of the Group, has been so dedicated and actively attending to the businesses of the Group, her death did cause setbacks to the management and the operations. Besides, the unsettled Sino-US trade war and the Brexit arrangement have brought lots of uncertainties to our original equipment manufacturing (the "**OEM**") customers in the US and Europe, which then were very reserved in placing their orders. The local retail market in the past year was also cage hooded by a downturning atmosphere due to the unpredictable political wrestling in Europe as well as in the US and the People's Republic of China (the "**PRC**"). Therefore, the Group's revenue experienced a substantial drop both in the OEM and the original brand manufacturing (the "**OBM**") sectors, thus effecting a loss for the FY2019.

Nevertheless, the Directors have tried their best to stabilise the operations and businesses amidst all these negative factors. For OEM business, the newly established customers continued to grow gradually and our business is expected to prosper in a year or two. Hopefully, the sales generated from these would compensate the decrease of the existing customers. Besides, the range of products manufactured would expand from baby clothing to children's and teenagers' wear so as to catch more sales. The OBM business, that is our own brand Mides, apart from grabbing the major market share in local baby wear sector, established a strategic partnership with Kidswant Children Products Company Limited*（孩子王兒童用品股份有限公司）("**Kidswant**") in the PRC in September 2018, thus opening 10 retail shops within a few months. The businesses of these shops were growing very steadily. PRC market now with a more lenient policy in birth control is actually a rising star in the baby clothing business. Therefore, the Group is still exploring more partners in PRC market so as to increase the sales revenue and reduce the manufacturing costs.

Despite the tragedy of the passing away of the late Chairlady Ms. Fung, the staff of the Group have gathered up strength to move on. We are confident that we can open up a new path for the Company to recover the loss and head into a brighter future. I would like to take this opportunity to thank our management and staff for their contributions. Also, I wish to express my sincere gratitude to all business partners, suppliers and customers for their ongoing support.

Luk Sau Kuen
Chairlady

Hong Kong, 21 June 2019

* *For identification purpose only*

BUSINESS REVIEW

The Group is principally engaged in the sale of baby and children garments by OEM and OBM. Due to deteriorating global economy and sudden death of Ms. Fung, the late Chairlady, the operating environment for the Group was difficult in the FY2019. The global marketing conditions were volatile and the costs of raw materials, chemical dyestuffs, energy and labour went up substantially.

For our OEM business, the revenue decreased for the FY2019 mainly due to the loss of one of the major customers in the second half of FY2019 as compared to the year ended 31 March 2018 ("**FY2018**"). However, our sales team has found some new customers to diversify the customer base. The orders from the new customers will become more stable in the coming year.

For our OBM business, the retail business of the baby and children wear was still highly competitive as the mass brands have dominated the market. The Group had closed some counters in the department stores in Hong Kong and relocated more self-operated shops in order to build up the brand image. Meanwhile, the Group will maintain product quality and reinforce our marketing efforts in promoting our brand and strengthening our customer relationship.

FINANCIAL REVIEW

Revenue

The Group's revenue declined from approximately HK$265.8 million for FY2018 to approximately HK$230.8 million for FY2019, representing a decrease of approximately 13.2%. The revenue of OEM business decreased by approximately 11.0% to approximately HK$161.3 million for FY2019 as compared to that of approximately HK$181.2 million for FY2018. The revenue of the OBM business decreased by approximately 17.8% to approximately HK$69.5 million for FY2019 as compared to that of approximately HK$84.6 million for FY2018.

Cost of sales, gross profit and gross profit margin

The cost of sales of the Group decreased from approximately HK$144.3 million for FY2018 to approximately HK$138.7 million for FY2019, representing a decrease of approximately 3.9%. The gross profit for FY2019 amounted to approximately HK$92.1 million (FY2018: approximately HK$121.4 million), representing a decrease of approximately HK$29.3 million or 24.1% as compared to FY2018. The gross profit margin of the Group decreased from approximately 45.7% for FY2018 to approximately 39.9% for FY2019. Higher costs of raw materials and production overheads caused negative impact on the Group's gross profit margin.

Expenses

The selling and distribution costs of the Group decreased by approximately 13.8% or HK$5.6 million to approximately HK$35.2 million for FY2019 (FY2018: approximately HK$40.8 million), which was in line with the decline in the Group's revenue. The administrative and other expenses of the Group increased by approximately 11.3% or HK$7.4 million to approximately HK$72.4 million for FY2019 (FY2018: approximately HK$65.0 million). The increase was mainly due to increases in professional services fees and directors' remuneration after listing of the shares of the Company (the "**Shares**"), and an increase in advertising and promotion costs.

Loss before tax

The Group recorded a loss before tax of approximately HK$18.9 million for FY2019 (FY2018: approximately HK$1.3 million), representing a further deterioration of approximately HK$17.6 million. It was mainly due to lower revenue, higher costs of sales and post-listing administrative expenses for FY2019 as compared to FY2018.

OUTLOOK

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

For the OBM business, the Group has opened 10 retail shops through Kidswant's channels in the PRC during the FY2019. The Group expects to open 10 additional shops in the coming years so as to expand the market share in the PRC. Meanwhile, the Group will continue to place more resources to grow the e-business.

"Broaden sources of income and reduce expenditure" is the gist of the Group's business plan. Management believes that progressive performance is anticipated in the coming year.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group's source of funds was mainly cash generated from operations and the net proceeds from the listing of the Shares by way of share offer on GEM (the "**Share Offer**"). As at 31 March 2019, the Group had cash and bank balances of approximately HK$7.5 million (31 March 2018: approximately HK$21.8 million). As at 31 March 2019, the Group's interest-bearing bank borrowings amounted to approximately HK$69.6 million (31 March 2018: approximately HK$50.2 million) and had unutilised banking facility of approximately HK$25.9 million (31 March 2018: approximately HK$57.4 million). The Group's interest-bearing bank borrowings are secured, repayable within one year and denominated in Hong Kong Dollars and Renminbi, and bear interest from 4.36% to 5.66% (FY2018: 3.25% to 5.66%) per annum.

The current ratio was 1.1 as at 31 March 2019 (31 March 2018: 1.4) and the gearing ratio was approximately 130.2% as at 31 March 2019 (31 March 2018: approximately 58.5%).

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

The Group did not use any financial instruments for hedging purposes during FY2019 (FY2018: Nil).

As at 31 March 2019, the share capital and equity attributable to owners of the Company amounted to approximately HK$4.0 million and HK$65.0 million respectively (31 March 2018: HK$4.0 million and HK$86.1 million respectively). Details of the capital risk management are set out in note 41 to the consolidated financial statements of the Group for FY2019 (the "**Consolidated Financial Statements**").

CAPITAL COMMITMENTS

The Group did not have any significant capital commitments as at 31 March 2019 (31 March 2018: Nil).

CHARGE OVER ASSETS OF THE GROUP

As at 31 March 2019, a pledged bank deposit amounting to approximately HK$15.0 million (31 March 2018: Nil), a building and land use rights with an aggregate carrying amount of approximately HK$1.9 million (31 March 2018: approximately HK$2.1 million) and the investment in life insurance policy with an insured sum of not less than US$9.0 million were pledged to secure bank facilities granted to the subsidiaries of the Company.

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

There were no material acquisitions and disposals of subsidiaries, associates and joint ventures during FY2019. There was no future plan for material investments or capital assets as at 31 March 2019.

CONTINGENT LIABILITIES

As at 31 March 2019, the Group had no material contingent liabilities (31 March 2018: Nil).

USE OF PROCEEDS FROM THE SHARE OFFER

The net proceeds from the Share Offer were approximately HK$44.0 million. As at 31 March 2019, the Group had utilised approximately HK$22.2 million of the net proceeds as follows:

	Per prospectus Use of proceeds HK$ million	**Actual utilised up to 31 March 2019 HK$ million**
Upgrading our production facilities and enhancing the production capability through extensive application of radio-frequency identification technology	9.9	2.9
Enhancing our sales and marketing effort	8.0	8.0
Repayment of bank loan(s)	4.5	4.5
Working capital	3.5	3.5
Strengthening our research and development capabilities for the PRC market	3.3	3.3
Total	**29.2**	**22.2**

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2019, the Group had about 892 (2018: 1,042) employees working in Hong Kong and the PRC.

As the guiding principles, the Group uses its best endeavour 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 mandatory provident fund ("**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 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 MPF scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees employed. The Group offered various social insurance benefits and provident fund to the PRC staff during the reporting period and created a harmonious working environment.

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 FY2019 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. The Group has not experienced any significant problem with its employees or disruption to its operations due to labour dispute, nor has the Group experienced any difficulties in the recruitment and retention of experienced staff.

EXECUTIVE DIRECTORS

Ms. Luk Sau Kuen (陸秀娟), aged 59, our executive Director and the Chairlady of the Board, and is currently a director of a number of subsidiaries of the Company. Ms. Luk joined Mantex Supplies Company Limited, a subsidiary of the Company, in January 2002 as a business consultant. She was appointed as a Director and re-designated as the non-executive Director on 6 July 2017. Ms. Luk was further re-designated from a non-executive Director to an executive Director and appointed as the Chairlady both with effect from 7 November 2018. She was also a member of each of the audit committee and the remuneration committee of the Board from 26 January 2018 to 7 November 2018. Ms. Luk is mainly responsible for formulating the overall development strategies and business plans and overseeing the general management and daily operation of our Group. Ms. Luk obtained a Bachelor of Social Sciences degree from the University of Hong Kong in November 1981, a Master of Philosophy from the University of Hong Kong in January 1995, and a Master of Education from The Chinese University of Hong Kong in December 2002. Ms. Luk also obtained a Certificate in Teaching Putonghua from The Chinese University of Hong Kong in August 1993. Prior to joining our Group, Ms. Luk worked at the Hong Kong Independent Commission Against Corruption as a commission against corruption officer in the community relations department from 1981 to 1987. From 1991 to 1992, Ms. Luk worked at the Carmel Alison Lam Foundation Secondary School in Hong Kong as a graduate teacher. From 1995 to 2001, Ms. Luk was a language instructor at the Hong Kong Baptist University.

Mr. Cheung Desmond Lap Wai (張立維), aged 36, our executive Director, the acting chief executive officer (the "**CEO**") and chief operating officer of the Company, and is currently a director of a number of subsidiaries of the Company. Mr. Cheung is also a member of the nomination committee of the Board. He joined the Group in October 2008 as the manager of business development and marketing department. Mr. Cheung was appointed as a Director on 17 May 2017, was re-designated as an executive Director and appointed as the chief operating officer on 6 July 2017, and was appointed as the acting CEO on 7 November 2018. Mr. Cheung is mainly responsible for overseeing the financial and accounting, human resources and administrative matters as well as the OBM business of our Group. Mr Cheung has over ten years of experience in business development and sales and marketing. Prior to joining the Group, Mr. Cheung worked in Samsung SDS America, Inc., a subsidiary of Samsung Electronics Co., Ltd., as a junior consultant of systems in 2005. From 2005 to 2008, Mr. Cheung worked in Model N, Inc., a company listed on the New York Stock Exchange (stock code: MODN), which is a pioneer and leading provider of revenue management solutions for the life sciences and technology industries, with his last position being a member of technical staff of product development. Mr. Cheung obtained a Bachelor of Arts degree in Computer Science from the University of California, Berkeley in California, US in December 2004 and a Master of Science degree in Software Management from the Carnegie Mellon University in Pittsburgh, Pennsylvania, US in August 2010. Mr. Cheung also obtained a Master of Business Administration degree from The Chinese University of Hong Kong in November 2016. Mr. Cheung was selected for membership in Beta Gamma Sigma the international honour society for collegiate schools of business under The Chinese University of Hong Kong in November 2016. Mr. Cheung is a nephew of the late Ms. Fung Sau Ying, our former Chairlady, CEO and executive Director.

Ms. Ho Lai Ying (何麗英), aged 50, our executive Director, and is currently a director of a subsidiary of the Company. Ms. Ho joined the Group as sales and merchandising manager in March 1997. Ms. Ho was appointed as a Director on 17 May 2017 and was re-designated as an executive Director on 6 July 2017. Ms. Ho is mainly responsible for overseeing the OEM business of our Group. Ms. Ho has over 20 years of experience in merchandising. Prior to joining our Group, Ms. Ho worked in UCP International Co., Ltd., a company engaged in the businesses including wholesale distribution of home furnishings and housewares, from July 1995 to March 1997 as a merchandiser. Ms. Ho obtained a Bachelor of Business Administration degree in Applied Economics from the Hong Kong Baptist College (now known as the Hong Kong Baptist University) in December 1992.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Cho Chi Kong (曹志光), aged 66, has been our independent non-executive Director since 1 June 2019, and is a member of each of the Board's audit committee, remuneration committee and nomination committee. Mr. Cho is mainly responsible for the supervision and provision of independent judgement to our Board. Mr. Cho is currently a Professor of Practice (Law) at The Hong Kong Polytechnic University's School of Accounting and Finance, where he delivers post-graduate courses in corporate governance and regulatory framework. Mr. Cho is a fellow member of the Hong Kong Institute of Directors and a former President of the Hong Kong Chapter of the Association of Certified Fraud Examiners. Mr. Cho is also a Non-Practising Barrister of The Honourable Society of Lincoln's Inn in the United Kingdom, the High Court of Hong Kong Special Administrative Region, the Supreme Court of the Australian Capital Territory and the High Court of Australia. Further, he is a Certified Fraud Examiner of Association of Certified Fraud Examiners. He has extensive experience in corporate law, regulatory compliance and prevention and detection of fraud and general legal compliance. Mr. Cho obtained a diploma in Management Studies from Hong Kong Management Association and Hong Kong Polytechnic in 1984 and a Bachelor of Laws degree from University of London in 1988.

Mr. Choi Wing San Wilson (蔡永新), aged 45, has been our independent non-executive Director since 28 December 2017, and is the chairman of the Board's remuneration committee and a member of each of the Board's audit committee and nomination committee. Mr. Choi is mainly responsible for the supervision and provision of independent judgement to our Board. From 1997 to 2003, Mr. Choi worked at Systek Information Technology Limited (subsequently known as Acme Technologies (Hong Kong) Limited), with his last position being a project manager responsible for overall project management, and analysis and design training. Subsequently since May 2003, Mr. Choi has been a director of Transaction Technologies Limited (formerly known as Systek Financial Technology Limited), a company specialising in providing innovative financial services. Mr. Choi is also the chief architect who is mainly responsible for the overall strategic planning, sales and marketing, and research and product development. Mr. Choi obtained a Bachelor of Arts degree in Computing and a Master degree in Corporate Finance from The Hong Kong Polytechnic University in November 1997 and December 2007, respectively, and a Master degree in Business Administration from The Chinese University of Hong Kong in November 2016.

Mr. Tan Yik Chung Wilson (陳奕聰), aged 49, has been our independent non-executive Director since 1 May 2019, and is the chairman of the Board's audit committee and a member of each of the Board's remuneration committee and nomination committee. Mr. Tan is mainly responsible for the supervision and provision of independent judgement to our Board. Mr. Tan has joined PKF Hong Kong (now known as PKF Hong Kong Limited) since March 2000 and is currently a partner of the firm. He has over 20 years of experience in auditing and accounting. Mr. Tan was admitted as an associate and a fellow of The Association of Chartered Certified Accountants in the United Kingdom in January 1999 and November 2003, respectively. He is currently a practising certified public accountant in Hong Kong. He was an independent non-executive director of Champion Alliance International Holdings Limited (stock code: 1629) from November 2016 to December 2018, the issued shares of which are listed on the Main Board of the Stock Exchange. Mr. Tan obtained a diploma in Accounting from Hong Kong Shue Yan College (currently known as Hong Kong Shue Yan University) in July 1992 and a Master of Business Administration degree from Northeast Louisiana University (currently known as University of Louisiana at Monroe) in the US in August 1997.

The Company is committed to fulfilling its responsibilities to its shareholders (the "**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 the year ended 31 March 2019 (the "**Year**"), save for the deviation from code provision A.2.1 of the CG Code as disclosed below. The Company periodically reviews its corporate governance practices to ensure that it continues to meet the requirements of the CG Code.

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 the Year (except the late Ms. Fung Sau Ying), each of them has confirmed he/she had complied with the Required Standard of Dealings throughout the Year. No incident of non-compliance was noted by the Company during the Year.

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 management of the Group 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 independent non-executive Directors (the "**INEDs**")) so that there is a strong independent element on the Board, which can effectively exercise independent judgment.

As at the date of this annual report, the Board comprises the following six Directors, of which the INEDs in aggregate represent 50% of the Board members:

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

Independent Non-executive Directors
Mr. Cho Chi Kong ("**Mr. Cho**")
Mr. Choi Wing San Wilson ("**Mr. Choi**")
Mr. Tan Yik Chung Wilson ("**Mr. Tan**")

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

Ms. Luk, the Chairlady and an executive Director, is the mother of Mr. Char Yat Shan Jonathan ("**Mr. Char**") who was a non-executive Director for the period from 5 September 2018 to 17 June 2019. Mr. Cheung is a nephew of the late Ms. Fung, the Chairlady, the CEO and an executive Director formerly.

Save as disclosed above, there was no financial, business, family or other material relationship among the Directors during the Year and up to the date of this annual 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 of this annual report, 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.

During the Year, the Chairlady had held a meeting with the INEDs without the presence of other Directors.

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

Directors' Induction and Continuous Professional Development

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

The Company will from time to time provide briefings to all Directors to develop and refresh their duties and responsibilities. All Directors are also encouraged to attend relevant training courses at the Company's expense and they have been requested to provide the Company with their training records. In January 2019, the Company Secretary delivered a 2-hour seminar on "Directors' duties and responsibilities under the statutory and regulatory requirements and the update on Hong Kong Listing Rules" to all the Directors in office then. According to the training records maintained by the Company, the continuous professional development programmes received by each of the Directors during the Year (except the late Ms. Fung) are summarised as follows:

Name of Directors	Type of trainings
Ms. Luk	A and B
Mr. Cheung	A and B
Ms. Ho	A and B
Mr. Char (appointed on 5 September 2018 and resigned on 17 June 2019)	A and B
Mr. Cheung Ping Kwan Timothy (resigned on 30 April 2019)	A and B
Mr. Choi	A and B
Mr. Leung Wai Yin (resigned on 31 March 2019)	A and B

A: attending seminars/conferences/forums

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

Meetings of the Board and Directors' Attendance Records

The Board is scheduled to meet four times a year at approximately quarterly intervals with notice given to the Directors at least 14 days in advance. For all other Board meetings, notice will be given in a reasonable time in advance. The Directors are allowed to include any matter in the agenda that is required for discussion and resolution at the meeting. 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 of the Company (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 meeting, audit committee (the "**Audit Committee**") meeting, remuneration committee (the "**Remuneration Committee**") meeting, nomination committee (the "**Nomination Committee**") meeting and general meeting of the Company held during the Year are summarised as follows:

Name of Directors	Board meeting	Audit Committee meeting	Remuneration Committee meeting	Nomination Committee meeting	Annual General Meeting
	Number of meetings attended/eligible to attend for the Year				
Executive Directors					
Ms. Fung *(note 1)*	3/3	N/A	N/A	1/1	1/1
Ms. Luk *(note 2)*	3/5	2/3	0/1	N/A	1/1
Mr. Cheung	5/5	N/A	N/A	2/2	1/1
Ms. Ho	5/5	N/A	N/A	N/A	1/1
Non-executive Director					
Mr. Char *(note 3)*	2/2	1/1	N/A	N/A	N/A
INEDs					
Mr. Cheung Ping Kwan Timothy *(note 4)*	4/5	4/4	N/A	2/2	1/1
Mr. Choi *(note 5)*	5/5	N/A	1/1	2/2	1/1
Mr. Leung Wai Yin *(note 6)*	5/5	4/4	1/1	2/2	1/1

N/A: Not applicable

Notes:

1. Ms. Fung passed away on 4 November 2018.

2. Ms. Luk was re-designated from a non-executive Director to an executive Director and ceased to be a member of each of the Audit Committee and the Remuneration Committee on 7 November 2018.

3. Mr. Char was appointed as a non-executive Director on 5 September 2018 and a member of each of the Audit Committee and the Remuneration Committee on 7 November 2018. Mr. Char resigned as a non-executive Director on 17 June 2019.

4. Mr. Cheung Ping Kwan Timothy resigned as an INED on 30 April 2019.

5. Mr. Choi was appointed as a member of the Audit Committee on 17 June 2019.

6. Mr. Leung Wai Yin resigned as an INED on 31 March 2019.

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 diversity of the 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.

CHAIRLADY 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. The late Ms. Fung was the former Chairlady and CEO until 4 November 2018. She was responsible for formulating the overall development strategies and business plans, including production development, and overseeing the general management and daily operation of the Group. In view of Ms. Fung's aforesaid responsibilities since June 2004, the Board believed that it was in the best interest of the Group to have Ms. Fung taking up both roles for effective management and business development. The Board considered that the balance of power and authority, accountability and independent decision-making under the above arrangement would not be impaired because of the diverse background and experience of the INEDs. Further, the then Audit Committee consisted of one non-executive Director and two INEDs, and all of the INEDs have free and direct access to the Company's external auditors and independent professional advisers when they consider necessary.

Ms. Fung passed away on 4 November 2018. Ms. Luk was re-designated from a non-executive Director to an executive Director and was appointed as the Chairlady, and Mr. Cheung was appointed as the acting CEO, all with effect from 7 November 2018. Since then, the Company has complied with code provision A.2.1 of the CG Code.

BOARD COMMITTEES

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

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

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

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

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. Cho, Mr. Choi and Mr. Tan. Mr. Tan 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, and 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 external auditor to supply non-audit services 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 management to ensure that 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 management's response to these findings;

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

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

11. reviewing the external auditor's management letter, any material queries raised by the external auditor to 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 Year, the Audit Committee held four meetings to, amongst other matters, consider and recommend to the Board for approval the Group's audited annual results for the year ended 31 March 2018, unaudited first quarterly results for the three months ended 30 June 2018, unaudited interim results for the six months ended 30 September 2018 and unaudited third quarterly results for the nine months ended 31 December 2018 and audit-related matters; and the re-appointment of BDO Limited ("**BDO**") at the annual general meeting of the Company held in August 2018. Details of the attendance of the Audit Committee meetings are set out above.

Nomination Committee

The Nomination Committee was established with effect from 26 January 2018 with written terms of reference in compliance with the CG Code. The Board has adopted revised terms of reference on 31 December 2018. The written terms of reference of the Nomination Committee are published on the respective websites of the Stock Exchange and the Company. The Nomination Committee currently comprises Mr. Cheung, the acting CEO, chief operating officer and executive Director, and three INEDs, namely Mr. Cho, Mr. Choi and Mr. Tan.

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 planning for the Directors, in particular, the Chairlady 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 to 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 candidates for Directors, consider 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 Year, the Nomination Committee held two meetings to, amongst other matters, review the structure, size and composition of the Board, assess the independence of the INEDs and recommend to the Board for approval the re-appointment of Directors at the annual general meeting of the Company (the "**AGM**") held in August 2018. Details of the attendance of the Nomination Committee meetings are set out above.

Remuneration Committee

The Remuneration Committee was established with effect from 26 January 2018 with written terms of reference in compliance with the CG Code. The written terms of reference of the Remuneration Committee are published on the respective websites of the Stock Exchange and the Company. The Remuneration Committee currently comprises three INEDs, namely Mr. Cho, Mr. Choi and Mr. Tan. Mr. Choi 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 Year, the Remuneration Committee held one meeting 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 meeting are set out above.

Corporate Governance Functions

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

1. developing and reviewing the Company's policies and practices on corporate governance;

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

Each of the INEDs has entered into an appointment letter with the Company for an initial term of three years commencing on 26 January 2018, 1 May 2019 and 1 June 2019 for Mr. Choi, Mr. Tan and Mr. Cho, respectively subject to the terms stipulated therein.

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

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

The Board shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an additional Director. 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 the number of Directors who are to retire by rotation at an AGM.

REMUNERATION OF DIRECTORS

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

INDEPENDENT AUDITOR'S REMUNERATION

BDO was engaged as the Group's independent auditor for the Year. The remuneration paid/payable to BDO in respect of statutory audit services for the Year was HK$800,000.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

The Directors were not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

In addition, BDO 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 for reviewing their effectiveness. The Company's internal control system and procedures are designed to meet its specific business needs and to 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 has engaged Cheng & Cheng Limited as internal control consultant to review the Group's internal control system on an annual basis.

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

DISCLOSURE OF INSIDE INFORMATION

The Group acknowledges its responsibilities under the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong and 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. Cho Yee Chun ("**Mr. Cho**") was the Company Secretary from 5 June 2017 to 26 May 2018. Sir Kwok Siu Man KR ("**Sir Seaman Kwok**") has been appointed as the Company Secretary with effect from 26 May 2018.

Mr. Cho and Sir Seaman Kwok have confirmed that they received no less than 15 hours of relevant professional training during the Year pursuant to Rule 5.15 of the GEM Listing Rules.

Sir Seaman Kwok was nominated by Boardroom Corporate Services (HK) Limited ("**Boardroom**") to act as the Company Secretary and Boardroom has been providing certain corporate secretarial services to the Company pursuant to an engagement letter entered into between the Company and Boardroom. The primary person at the Company with whom Sir Seaman Kwok has been contacting in respect of company secretarial matters is Ms. Lam Pik Shan Miran, an assistant company secretary of the Company.

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 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 extraordinary general meeting (the "**EGM**") in accordance with the "Procedures for Shareholders to Convene an EGM" set out below.

Procedures for Shareholders to Convene an EGM

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

Eligible Shareholders who wish to convene an EGM for the purpose of making proposals or moving a resolution at the EGM must deposit a written requisition (the "**Requisition**") signed by the Eligible Shareholder(s) concerned (the "**Requisitionist(s)**") at the headquarters and principal place of business of the Company in Hong Kong (presently at 7/F., 822 Lai Chi Kok Road, Kowloon, Hong Kong) for the attention of the Company Secretary.

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

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

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

Procedures for Shareholders to Send Enquiries to the Board

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

Shareholders may send their enquiries and concerns to the Board by post to the headquarters and principal place of business of the Company in Hong Kong at 7/F., 822 Lai Chi Kok Road, Kowloon, Hong Kong or by email to mansion@mansionintl.com for the attention of the Company Secretary.

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

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

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

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

DIVIDEND POLICY

The Board has approved and adopted a dividend policy on 31 December 2018. It is the policy of the Board, in considering the payment of dividends, to allow shareholders of the Company 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 Year, there was no change in the constitutional documents of the Company.

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Company's principal subsidiaries are set out in note 34 to the Consolidated Financial Statements.

BUSINESS REVIEW

Further discussion and review on the business activities of the Group as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong (the "**CO**")), including a description of the principal risks and uncertainties facing the Group; material events affecting the Group that have occurred since the end of the Year; an indication of likely future development in the Group's business; an analysis of the Group's performance during the Year using financial key performance indicators; and an analysis of the Group's key relationships with its key stakeholders that have a significant impact on the Group are contained in the sections headed "Chairlady's Statement" on page 4 and "Management's Discussion and Analysis" on pages 5 to 8 of this annual report. Those discussions form part of this report.

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

Following the resignation of Mr. Leung Wai Yin as an INED on 31 March 2019, (i) the number of both the INEDs and the Audit Committee members fell below the minimum number required under Rules 5.05(1) and 5.28, respectively of the GEM Listing Rules, and (ii) the Remuneration Committee did not comprise a majority of INEDs under Rules 5.34 of the GEM Listing Rules. The Company has appointed Mr. Tan and Mr. Cho as the INEDs on 1 May 2019 and 1 June 2019 respectively. The Company has complied with the above requirements of the GEM Listing Rules after those appointments.

The Group is committed to protecting the environment and maintaining a high standard of corporate social governance. Details of the policies are set out in the section headed "Environmental, Social and Governance Report" on pages 35 to 47 of this annual report.

The Board is not aware of any significant event requiring disclosure that has taken place subsequent to 31 March 2019 and up to the date of this report.

RESULTS AND DIVIDEND

The results of the Group for the Year are set out in the consolidated statement of profit or loss and other comprehensive income on page 54 of this annual report.

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

SUMMARY FINANCIAL INFORMATION

A summary of the results and assets and liabilities of the Group for the last four financial years is set out on page 132 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 Year are set out in note 15 to the Consolidated Financial Statements.

SHARE CAPITAL

Details of the movements in the Company's paid up capital for the Year are set out in note 31 to the Consolidated Financial Statements.

RESERVES

Details of the movements in the reserves of the Group are set out in the consolidated statement of changes in equity on pages 57 and 58 of this annual report.

DISTRIBUTABLE RESERVES

As at 31 March 2019, the Company's reserves available for distribution, calculated in accordance with the provisions of Companies Law of the Cayman Islands, amounted to approximately HK$6.2 million.

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 Year, 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

No equity-linked agreements were entered into by the Company during the Year or subsisted at the end of the Year.

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 of this annual report, 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 Year, sales to the Group's five largest customers accounted for approximately 56.9% of the Group's total sales for the Year and sales to the largest customer included therein amounted to approximately 22.0%.

During the Year, purchases from the Group's five largest suppliers accounted for approximately 41.3% of the Group's total purchases for the Year and purchases from the Group's largest supplier included therein amounted to approximately 15.8%.

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

DONATIONS

During the Year, the Group made charitable donations amounting to approximately HK$23,000 (2018: HK$43,000).

DIRECTORS

The Directors who held office during the Year and up to the date of this report are:

Executive Directors

Ms. Luk Sau Kuen *(Chairlady)* (re-designated from a non-executive Director to an executive Director on 7 November 2018)
Ms. Fung Sau Ying *(the late Chairlady and Chief Executive Officer)* (passed away on 4 November 2018)
Mr. Cheung Desmond Lap Wai *(Acting Chief Executive Officer and Chief Operating Officer)*
Ms. Ho Lai Ying

Non-executive Director

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

INEDs

Mr. Cho Chi Kong (appointed on 1 June 2019)
Mr. Choi Wing San Wilson
Mr. Cheung Ping Kwan Timothy (resigned on 30 April 2019)
Mr. Leung Wai Yin (resigned on 31 March 2019)
Mr. Tan Yik Chung Wilson (appointed on 1 May 2019)

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, 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 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 for re-election.

Each of Ms. Luk, Ms. Ho, Mr. Cho and Mr. Tan will retire at the forthcoming AGM and all of them, being eligible, will offer themselves for re-election thereat.

INDEPENDENCE OF INEDs

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

DIRECTORS' SERVICE CONTRACTS

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 9 to 10 of this annual report.

CHANGES IN DIRECTORS' INFORMATION

Subsequent to the date of the interim report 2018/19 of the Company, the changes in the Directors' information as required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules are set out below:

1. Ms. Luk was re-designated from a non-executive Director to an executive Director on 7 November 2018. Meanwhile, she was elected by the Board as the Chairlady, and ceased to be a member of the Audit Committee and the Remuneration Committee. Her monthly remuneration was adjusted to HK$300,000 after the re-designation. She was appointed as a director of certain subsidiaries of the Company on 7 November 2018.

2. Mr. Cheung was appointed as the acting CEO and a director of a subsidiary of the Company on 7 November 2018;

3. Mr. Char was appointed as a member of each of the Audit Committee and the Remuneration Committee on 7 November 2018. He resigned as a non-executive Director on 17 June 2019;

4. Mr. Cheung Ping Kwan Timothy was elected as the chairman of the Nomination Committee on 7 November 2018. He resigned as an INED and ceased to be the chairman of the Nomination Committee and a member of the Audit Committee on 30 April 2019;

5. Mr. Leung Wai Yin resigned as an INED and ceased to be the chairman of the Audit Committee and a member of each of the Remuneration Committee and the Nomination Committee on 31 March 2019;

6. The monthly remuneration of Ms. Luk, Mr. Cheung, Ms. Ho, Mr. Char, Mr. Choi and Mr. Cheung Ping Kwan Timothy were adjusted to HK$280,000, HK$130,000, HK$110,000, HK$15,000, HK$15,000 and HK$15,000 respectively with effect from 1 April 2019.

7. Mr. Tan was appointed as an INED and the chairman of the Audit Committee and a member of each of the Remuneration Committee and the Nomination Committee on 1 May 2019;

8. Mr. Cho was appointed as an INED and a member of each of the Audit Committee and the Nomination Committee on 1 June 2019. He was appointed as a member of the Remuneration Committee on 17 June 2019; and

9. Mr. Choi was appointed as a member of the Audit Committee on 17 June 2019.

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

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

EMOLUMENT POLICY

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

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

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

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 Year and up to the date of this annual report.

NON-COMPETITION UNDERTAKINGS

As disclosed in the prospectus of the Company dated 12 January 2018 (the "**Prospectus**"), the late Ms. Fung and Joyful Cat Limited ("**Joyful Cat**") controlled by her (the "**Controlling Shareholders**") entered into a deed of non-competition in favour of the Company on 11 January 2018 regarding the non-competition undertakings given by each of the Controlling Shareholders in favour of the Company (for itself and as trustee for its subsidiaries) (the "**Non-competition Undertakings**"). A summary of the principal terms of the Non-competition Undertakings is set out in the section headed "Relationship with Controlling Shareholders" of the Prospectus.

As Ms. Fung passed away on 4 November 2018, the Company could not obtain from each of the Controlling Shareholders a written confirmation on the compliance with the Non-competition Undertakings during the Year. The INEDs have reviewed the status of compliance and confirmed that they were not aware of any non-compliance with the Non-competition Undertakings by the Controlling Shareholders during the Year.

PERMITTED INDEMNITY PROVISION

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

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

The permitted indemnity provision and the Directors' and officers' liability were in force during the Year and are in force as at the date of this report.

RELATED PARTY TRANSACTIONS

A summary of the related party transactions entered into by the Group during the Year is contained in note 36 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 Year.

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) of the Company or any of its subsidiaries subsisted as at the end of the Year or at any time during the Year.

TAX RELIEF

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

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

As at 31 March 2019, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong (the "**SFO**")), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

LONG POSITION IN THE SHARES

Name of Director	Capacity/Nature of interest	Number of Shares held	Approximate Percentage of the Company's issued Shares*
Mr. Char Yat Shan Jonathan *(Note)*	Beneficial owner	4,900,000	1.23%

Note: Mr. Char resigned on 17 June 2019.

* The percentage represents the total number of the Shares held divided by the number of issued Shares as at 31 March 2019 (i.e. 400,000,000 Shares).

Save as disclosed above, as at 31 March 2019, none of the Directors nor the chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

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

As at 31 March 2019, so far as is known to the Directors, the following entity or person other than the Directors and the chief executive of the Company, had interests or shorts positions in the Shares and underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO:

LONG POSITION IN THE SHARES

Name of Shareholders	Capacity/Nature of interest	Number of Shares held/ interested	Approximate Percentage of the Company's issued Shares*
Joyful Cat *(Notes (1) and (2))*	Beneficial owner	300,000,000	75%
Fung Sau Ying *(Notes (1) and (2))*	Interest of a controlled corporation	300,000,000	75%

Notes:

(1) Joyful Cat is a direct Shareholder.

(2) Joyful Cat is legally and beneficially owned as to 100% by the late Ms. Fung Sau Ying. Ms. Luk Sau Kuen has been appointed the executrix of the estate of the late Fung Sau Ying in Hong Kong (under the Grant of Probate issued by the High Court of Hong Kong), and further appointed the executrix of the estate of the late Fung Sau Ying in respect of the shares of Joyful Cat in the British Virgin Islands (under the Grant of Probate issued by the High Court of Justice of the British Virgin Islands).

* The percentage represents the total number of the Shares held or interested divided by the number of issued Shares as at 31 March 2019 (i.e. 400,000,000 Shares).

Save as disclosed above, as at 31 March 2019, so far as is known by or otherwise notified to the Directors, no other entity or person (other than a Director or the chief executive of the Company) had interests and short positions in the Shares and the underlying Shares as required to be recorded in the register to be kept by the Company pursuant to Section 336 of the SFO.

ARRANGEMENTS FOR DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

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

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "**Share Option Scheme**") on 28 December 2017. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules. As no share option has been granted since the adoption of the Share Option Scheme, there was no share option outstanding as at 31 March 2019 and no share option was exercised, cancelled or lapsed during the Year.

Details of the Share Option Scheme are as follows:

1. *Purposes*

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

2. *Eligible participants*

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

3. *Total number of Shares available for issue*

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

4. *Maximum entitlement of each participant*

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

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

5. *Period of the Share Option Scheme*

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

6. *Time of acceptance of the offer*

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

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

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

8. *Consideration for the option*

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

9. *Subscription price for Shares*

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

10. *Transfer or assignment*

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

11. *Termination of the Share Option Scheme*

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

CORPORATE GOVERNANCE

The Company is committed to adopting corporate governance practices. The Company's corporate governance practices are set out in the Corporate Governance Report on pages 11 to 23 of this annual report.

The compliance officer of the Company is Mr. Cheung Desmond Lap Wai whose biographical details are set out on page 9 of this annual report. The Company Secretary is Sir Kwok Siu Man KR, a fellow member of The Hong Kong Institute of Chartered Secretaries.

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

INTERESTS OF THE COMPLIANCE ADVISER

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

INDEPENDENT AUDITOR

The Consolidated Financial Statements have been audited by BDO Limited. There were no changes in independent auditor of the Company during the past three years.

By order of the Board
Mansion International Holdings Limited
Luk Sau Kuen
Chairlady and Executive Director
Hong Kong, 21 June 2019

PREPARATION BASIS AND SCOPE

As a company based and served in Hong Kong, **Mansion International Holdings Limited** (thereafter "**Group**" or "**We**") is fully committed to environment protection, socially responsible and equipped with the strictest corporate governance. In pursuant to the requirement of the *ESG Reporting Guide in Appendix 20 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited*, the company has prepared this *2018-2019 ESG report*, covering business segments that the Group was engaged in the manufacture and sale of baby clothing and clothing accessories for infants and toddlers. Our principle business operation includes Original Brand Manufacturing (**OBM**) business under the brand "mides" and complementary third-party brand products through our self-operated retail stores and department store counters in Hong Kong, and wholesale in Hong Kong, the PRC and Macao. In addition, the Group operates an Original Equipment Manufacturing (**OEM**) business to brand companies overseas or designated sourcing companies mainly located in Hong Kong, UK and US.

The scope of this report will cover the Group's initiatives on introducing the concept of ESG to its internal and external stakeholders, putting them into practices to its daily operations and disclosing results as a year-end summary over the year. Data from 2017-2018 are also presented in this report for comparison purposes and to provide a clearer picture in terms of the Group's ESG initiatives. It is also the intention of the management to provide an overview of the Group's direction in managing ESG related issues, driving for ESG initiatives throughout the Group, and communicating its ESG performance result with its stakeholders.

REPORTING BOUNDARY AND PERIOD

The reporting boundary of this report shall cover the operation activities throughout the Group, including operations in Hong Kong, the PRC and as well as its managed shops in Hong Kong.

The reporting period of this report shall cover the date from **1 April 2018 to 31 March 2019** (the "**Reporting Period**").

STAKEHOLDERS ENGAGEMENT

Stakeholder engagement is essential in the development of our strategies for minimizing the Group's environmental impact, as well as to optimize our interaction with society. With consideration of the Group's operation and its business nature, key internal and external stakeholders were identified and dedicated engagement sessions have been arranged for the respective parties for communication of their views and expectations, as summarised in the below table.

Internal Stakeholders	**External Stakeholders**
• The Board • Management • General staff	• Shareholders • Investors • Customers • Local community groups

Engagement methods:

Meetings, interviews, direct mail, staff performance appraisal interviews, internal publications, annual general meeting ("**AGM**"), special general meetings, customer feedback forms, and announcements.

Stakeholder Feedback

The Group welcomes stakeholders' feedback on its ESG approach and performance. For any suggestions or opinions, stakeholders are welcome to contact us through our communication channels.

ENVIRONMENT

Manufacturing safe products for infants and toddlers is one of our main business activities. The Group aims to generate revenue for its shareholders, provide the best products and also 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*, emphasising on limiting the Group's impacts to the local environment according to different parts of its operations.

Due to the regional coverage of the Group's business, it is important to manage environmental impacts attributable to its local operational activities to minimise such impacts if possible. The PRC subsidiary is operating in full compliance to relevant national and local environmental protections laws and regulations, including:

- the Environmental Protection Law of the PRC;
- the Law of the PRC on the Prevention and Control of Water Pollution;
- the Law of the PRC on the Prevention and Control Atmospheric Pollution;
- the Law of the PRC on the Prevention and Control of Environmental Noise Pollution;
- the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Wastes;
- the Regulations on the Administration of Construction Project Environmental Protection; and
- the Regulations on the Collection and Use of Sewage Charges.

In summary, environmental issues associated with 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 and PRC 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.

Use of Resources

As an environmentally-friendly corporation, the Group actively promotes green practices in all of premises, attempting to reduce its consumption on natural resources, particularly on electricity and water consumption. Our Environmental Policy on resource consumption is developed based on the "4Rs" strategy, emphasising on "Replace, Reduce, Reuse and Recycle". Our employees are constantly reminded to implement 4Rs activities throughout the Group's operation, and even directly working with supply chain partners to avoid wastages and reduce 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 minimise the ecological footprint associated with our consumption.

Electricity

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 provided 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.

Fossil Fuels

The Group's transportation team is responsible for delivering products to differently locations diligently on time and safely. Vehicles, including trucks and automobiles, were utilised as the major transportation medium, which consumed diesel and petrol during the process.

At our manufacturing sites in the PRC, diesel was consumed in stationary sources such as electric generators.

During the Reporting Period, the Group consumed a total of 15,484 litres of petrol and 14,912 litres of diesel.

Product Packaging

The Group owns factory operation in the PRC, which manufactures children fabrics products. The products are packaged and shipped to branded-companies located overseas and to our retail shops in Hong Kong. Plastic bags and small boxes are mostly utilised as packaging materials 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 Group has utilised 50 tonnes of plastics and 220,593 tonnes of paper for packaging. The Group will continue driving for efficient material use, monitor and improve its performance in the future.

Water

In addition to its effort on energy conservation, the Group also worked with its employees on water conservation measures. 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.

To reduce the environmental wastewater generated by our manufacturing facilities in the PRC, we have imposed strict policies to forbid discharge of water contaminated with chemicals which may pose potential biological impacts on people and/or local ecosystems. Also, the Group's manufacturing facilities are first biologically treated the daily wastewater prior to discharge to the sewer system.

The Group has consumed a total of 46 cubic metres of water during the Reporting Period. The Group will continue to monitor its water usage and look for additional water conservation strategies to optimise its water consumption.

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;
- minimise, 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.

The Group exerts additional attention to waste handling procedure, ensuring the safety of its employees and the compliance of all applicable laws and regulation.

Hazardous Waste

Our Group stored wastes that are classified as "hazardous" in a separate, well-ventilated storage location for collection. A registered waste handling company, is employed to perform regular collection of the Group's hazardous waste for further treatment.

In this Reporting Period, the Group generated a total of 860 kg of hazardous waste. The Group will continue to closely monitor its reduction efforts and work diligently to ensure proper treatment of its generated hazardous waste in the future.

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 by 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.

As a summary, the Group consumed 3,275 kg of paper and generated 93 tonnes of non-hazardous waste during the Reporting Period.

Air Emission

During the Reporting Period, the Group has emitted 26 kg of nitrogen oxides (NO_x), 0.27 kg of sulphur oxides (SO_x) and 0.48 kg of particulate matter (PM) as a result of its fossil fuel consumption. The Group will continue monitoring its operation activities and make necessary efforts to control its air pollutant emission.

Greenhouse Gas Emission

Besides 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, petrol consumption from our operation locations. The final result was then estimated using a conversion factor (carbon intensity factor) into a per-tonne figure for reporting purpose, taking into account emissions of carbon dioxide and other greenhouse gases associated with energy consumption, such as methane (CH_4) and nitrous oxide (N_2O). 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.

As a summary, and based on its diesel, electricity and petrol consumption, the carbon footprint of the Group during the Reporting Period was 1,669 tCO_2e.

Summary

The consolidated data on key performance indicators (KPIs) regarding emissions and resource consumption during this Reporting Period is summarised below:

Environmental KPIs

Item	**Unit**	**2018-2019**	2017-2018
Greenhouse Gas (GHG) Emissions	tCO_2e	**1,669**	1,670
Scope 1 – Direct Emissions	tCO_2e	**85**	–
Scope 2 – Energy Indirect Emissions	tCO_2e	**1,531**	–
Scope 3 – Other Indirect Emissions	tCO_2e	**53**	–
Nitrogen Oxides (NO_x) Emissions	kg	**26.12**	–
Sulphur Oxides (SO_x) Emissions	kg	**0.27**	–
Particulate Matter Emissions	kg	**0.48**	–
Hazardous Waste Produced	tonne	**0.86**	0.87
Non-Hazardous Waste Produced	tonne	**96.66**	0.54
Petrol Consumption	L	**15,484**	8,954
Diesel Consumption	L	**14,912**	16,050
Electricity Consumption	kWh	**1,830,340**	2,369,608
Electricity Consumption Intensity	kWh/unit produced	**0.20**	0.18
Water Consumption	m^3	**45,762**	48,688
Water Consumption Intensity	kWh/unit produced	**0.005**	0.004
Steam Consumption	tonne	**2,021**	1,993
Packaging Material	tonne	**220,643**	–
Plastics for packaging	tonne	**50**	–
Paper for packaging	tonne	**220,593**	–
Packaging Consumption Intensity	t/unit produced	**0.02**	–

Table 1. Group Total Consumption table

SOCIAL

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.

Employment

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 on 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 recognised 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. Choi Wing San Wilson, Mr. Tan Yik Chung Wilson and Mr. Cho Cho Kong, where Mr. Choi Wing San Wilson acts as the Chairman of the committee.

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. The Group offers various social insurance benefits and provident fund for our PRC employees during the Reporting Period and creates a harmonious working environment.

During the reporting period, total pension scheme contributions paid by the Group amounted to approximately HK$6.6 million 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 complied with all relevant Hong Kong laws and regulations including but not limited to:

- 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).

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.

A summary of the Group's workforce diversity distribution is presented in the following tables and figures:

Employee Demographics

Item	**2018-2019**	2017-2018
Total Number of Employees	**892**	1,042*
By Location		
PRC	**720**	863
Male	**132**	147
Female	**588**	716
Hong Kong	**172**	179*
Male	**24**	24
Female	**148**	155*
By Type		
Full-time	**868**	1,020
Part-time	**24**	22*
By Age Group		
Below 30	**104**	118*
30 to 40	**298**	342*
41 to 50	**351**	396*
51 to 60	**129**	169
Above 60	**10**	17

* restated data for 2017-2018

Table 2. Employees Demographics (as of 31 March 2019)

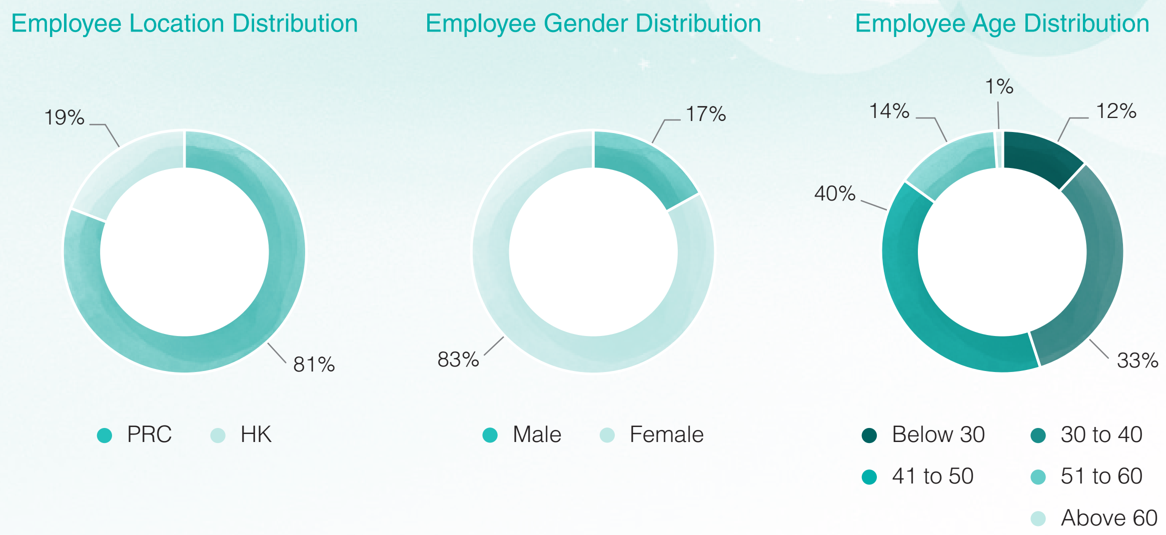

Chart 1. Employee Demographic Data (as of 31 March 2019)

The majority of our employees were hired on a full-time basis, and part-time employees consist about 3% of our workforce. In addition, the annual turnover rate was 36%, which is partly attributed to corporate restructuring activities within the Group during this Reporting Period.

Occupational 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 to 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 summary, during the Reporting Period the Group had no material non-compliance breach with relevant standards, rules and regulations, and had no major accident encountered during operation. In addition, the Group recorded a total of 516 days of work-related sick leave taken by employees in this Reporting Period.

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).*

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.

Training session offered to our manufacturing facilities in the PRC covered a wide variety of topics related to daily operations, including:

- Safe handling of chemicals
- Review on usage of Personal Protection Equipment (PPE)
- Training on computer security
- Fire safety
- Manufacturing safety

For the retail staff in Hong Kong, our orientation training programme includes customer service, daily operations in shop, inventory management and product order procedure.

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

Employee Training Statistics

	2018-2019	2017-2018
Total Training Hours (man-hours)	**8,646**	7,547
Average Training Hours per Employee	**9.7**	7.2

Table 3. Employee total training hours (as of 31 March 2019)

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.

Supply Chain Management and Product Quality Control

The Group is highly attentive to its brand reputation and introduces the environmental value into the suppliers and sub-contractors procurement procedure, aiming to support environmental protection through habitat protection, bio-diversity, and other related environmental issues. Our procurement department ensures suppliers and sub-contractors 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.

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 Product 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.

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 the PRC and Hong Kong* in this Reporting Period.

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.

During the Reporting Period, the Group was unaware of any action of non-compliance to regulations and laws relating to corruption, bribery, extortion, fraud and money laundering.

COMMUNITY

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 details of the Group's community contribution activities is described in the following section.

Community Investment

The Group's donations reached and supported different organisations in wide aspects, both in Hong Kong and PRC, and examples of its sponsoring organizations include the following:

- A donation of 8 boxes of Supima cotton newborn underwear to hospitals in Hong Kong;
- A donation of 11 boxes of our baby and children apparel products to Caritas Jockey Club Integrated Service for Young People;
- A donation of 8 boxes of our baby and children apparel products to a charity group in support of children in Qinghai province of the PRC; and
- A donation of relief money for civilized community elderly during Chung Yeung Festival

Caring Talks

In addition to charitable donations, the Group has organised complementary Caring Talks and Workshops in Hong Kong for first-time parents, which was attended by over 2000 people during the Reporting Period. The objective of the sessions is to provide useful tips and know-hows for taking care of newborns, covering aspects such as dressing of infants, breastfeeding, and teaching newborns to sleep. The sessions were welcomed with positive feedback from the participating parents.

The Group will continue its effort in supporting the communities and giving back to those that are in need.

INDEPENDENT AUDITOR'S REPORT

BDO

Tel : +852 2218 8288
Fax: +852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

電話：+852 2218 8288
傳真：+852 2815 2239
www.bdo.com.hk

香港干諾道中111號
永安中心25樓

TO THE SHAREHOLDERS OF MANSION INTERNATIONAL HOLDINGS LIMITED

(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 (together the "**Group**") set out on pages 54 to 131, which comprise the consolidated statement of financial position as at 31 March 2019, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of 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.

KEY AUDIT MATTERS

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

Net realisable value of inventories

Refer to notes 5(i) and 20 to the consolidated financial statements and the accounting policy on inventories as shown in note 4(e) to the consolidated financial statements.

The carrying amount of the Group's inventories as at 31 March 2019 was HK$89,883,000, and a write-down of inventories amounting to HK$1,273,000 was recognised in the Group's profit or loss for the year ended 31 March 2019. The Group applies a provision for inventories based on exit of customers during the year ended 31 March 2019.

Moreover, in arriving at the carrying amount of the Group's inventories as at the year end and the amount of write-down of inventories during the year, management estimation on the net realisable value of inventories is required.

We have identified the estimated provision of stocks and net realisable value of inventories as a key audit matter because of the significance of the carrying amount of inventories; and because applying the Group's accounting policies in the net realisable value of inventories involves significant degree of estimation. Where the estimates of net realisable value exceed future selling prices or subsequent estimated net realisable value, a material written-down of inventories may arise.

How our audit addressed the key audit matter:

Our audit procedures were designed to challenge the application of the Group's accounting policy in relation to estimating the net realisable value of inventories as at 31 March 2019. These procedures included discussion with management on the accounting policy and procedures in respect of their review of write-down of inventories, analytical review procedures including analysis on the inventory turnover days and gross profit margin, and the following substantive procedures which were performed on a sampling basis:

– we observed the physical inventory count performed on the Group's inventories as at 31 March 2019 as part of the procedures for identifying obsolete or slowing moving inventories;

– we checked the ageing analysis of the Group's inventories which was used by management to identify those aged inventories with an indication of possible write-down of inventories;

– we checked the accuracy of the management calculation of write-down of inventory in accordance with the Group's accounting policy;

– we checked the net realisable value of inventories to supporting evidence such as sales invoices and sales orders which are subsequent to the year ended and representative of the subsequent selling prices of the inventories;

– we observed the physical condition of the long-aged unused raw materials;

– we checked the historical usage of long-aged raw materials during the year;

– we checked the usage of raw materials and sale of finished goods subsequent to the year ended;

– we examining the basis of the methodology with respect of inventory provision and evaluating the outcome against management's estimation during the year; and

– we checked to the inventory provision using the aging report with customer's name as at 31 March 2019.

Preparation of the consolidated financial statements on a going concern basis

Refer to note 3(c) to the consolidated financial statements for the basis of preparation of the consolidated financial statements. For the year ended 31 March 2019, the Group had incurred a net loss of HK$18,769,000.

To support the going concern basis in preparing the consolidated financial statements, management has prepared a cash flow forecast of the Group covering the next twelve months from the date of report and concluded that there will be sufficient funds from the Group's existing cash resources, available facilities from banks and cash flows to be generated from its operations to finance its future operations, also the Director committed financial support for the Group, which enable it to meet its financial obligations as and when they fall due in the next 12 months from the date of report.

The cash flow forecast involved key assumptions such as revenue growth, gross profit margin, planned capital expenditures, and availability of banking facilities to the Group.

We focused on this assessment as it involves consideration of future events and application of significant judgements and estimates and accordingly, this was an area of audit focus.

How our audit addressed the key audit matter:

Our audit procedures included, amongst others, assessment of the appropriateness of key assumptions adopted in the cash flow forecast, including revenue growth, gross profit margin and planned capital expenditures by referencing to actual historical performance of the Group and making reference to the Group's future development plan.

- We tested the mathematical accuracy of the projections;
- we also confirmed the cash resources and available banking facilities as at year end and assessed the probability of facilities renewal during the forecast period by examining historical records of renewal pattern, and the continued financial supports from the director.;
- we also reviewed management assessment on the present and forecast status of compliance with restrictive loan covenants, where relevant;
- we have also considered the appropriateness of the relevant disclosures; and
- we considered, based on our audit procedures performed, that the use of going concern basis of accounting to be supportable by available evidence.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's 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.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors are also responsible for overseeing the Group's financial reporting process. The audit committee of the Company (the "**Audit Committee**") assists the directors in discharging their responsibility in this regard.

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. This report is made solely to you, as a body, in accordance with the terms of our 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 HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

* evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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

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

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

We communicate with 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, related safeguards.

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

BDO Limited
Certified Public Accountants
Chan Wing Fai
Practising Certificate Number P05443

Hong Kong, 21 June 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2019

	Notes	**2019** **HK$'000**	2018 HK$'000
Revenue	*6*	**230,825**	265,768
Cost of sales		**(138,687)**	(144,337)
Gross profit		**92,138**	121,431
Other income, gains and losses	*7*	**119**	1,324
Selling and distribution costs		**(35,212)**	(40,829)
Administrative and other expenses		**(72,387)**	(65,025)
Listing expenses		**–**	(15,280)
Finance costs	*8*	**(3,586)**	(2,888)
Loss before tax	*9*	**(18,928)**	(1,267)
Income tax credit/(expense)	*12*	**159**	(2,997)
Loss for the year		**(18,769)**	(4,264)
Other comprehensive income for the year that may be reclassified subsequently to profit or loss:			
Fair value loss on available-for-sale financial assets		**–**	(1,812)
Exchange differences on translation of financial statements of foreign operations		**(2,246)**	2,841
Other comprehensive income for the year		**(2,246)**	1,029
Total comprehensive income attributable to owners of the Company		**(21,015)**	(3,235)
Loss per share:			
Basic and diluted (HK cents)	*14*	**(4.7)**	(1.3)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment	15	**14,992**	15,219
Land use rights	16	**868**	963
Deposits	22	**6,256**	5,694
Club debentures	17	**820**	820
Available-for-sale financial assets	18	**–**	28,505
Financial assets at fair value through profit or loss	18	**29,650**	–
Deferred tax assets	19	**1,068**	929
		53,654	52,130
Current assets			
Inventories	20	**89,883**	65,887
Trade receivables	21	**21,389**	33,643
Deposits, prepayments and other receivables	22	**5,833**	5,041
Tax recoverable		**603**	–
Pledged bank deposit	24	**15,000**	–
Cash and bank balances	24	**7,452**	21,847
		140,160	126,418
Current liabilities			
Trade and bills payables	25	**29,600**	28,820
Contract liabilities	26	**124**	–
Accruals and other payables	27	**13,791**	12,083
Amount due to a director	23	**15,003**	–
Bank borrowings	28	**69,560**	50,159
Finance lease liabilities	29	**70**	89
Tax payables		**–**	439
		128,148	91,590
Net current assets		**12,012**	34,828
Total assets less current liabilities		**65,666**	86,958
Non-current liabilities			
Provision for long service payments		**686**	812
Finance lease liabilities	29	**–**	70
		686	882
Net assets		**64,980**	86,076

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Note	**2019** **HK$'000**	2018 HK$'000
Equity			
Equity attributable to owners of the Company			
Share capital	*31*	**4,000**	4,000
Reserves		**60,980**	82,076
Total equity		**64,980**	86,076

On behalf of the Board of Directors

Ms. Luk Sau Kuen
Director

Mr. Cheung Desmond Lap Wai
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2019

	Attributable to owners of the Company								
	Share capital HK$'000 *(Note 31)*	Share premium HK$'000 *(Note a)*	Capital reserve HK$'000 *(Note b)*	Statutory reserve HK$'000 *(Note c)*	Other reserve HK$'000 *(Note d)*	Exchange reserve HK$'000 *(Note e)*	Revaluation reserve HK$'000 *(Note f)*	Retained profits/ accumulated losses HK$'000	Total equity HK$'000
As at 1 April 2017	8	–	5,987	288	–	1,013	–	37,000	44,296
Loss for the year	–	–	–	–	–	–	–	(4,264)	(4,264)
Other comprehensive income:									
Fair value loss on available-for-sale financial assets	–	–	–	–	–	–	(1,812)	–	(1,812)
Exchange differences on translation of financial statements of foreign operations	–	–	–	–	–	2,841	–	–	2,841
Total comprehensive income for the year	–	–	–	–	–	2,841	(1,812)	(4,264)	(3,235)
Dividends recognised on distribution *(note 13)*	–	–	–	–	–	–	–	(16,000)	(16,000)
Arising on reorganisation	(8)	–	–	–	8	–	–	–	–
Capitalisation issue of shares	3,000	(3,000)	–	–	–	–	–	–	–
Issue of shares under public offer and placing	1,000	69,000	–	–	–	–	–	–	70,000
Share issue expenses	–	(8,985)	–	–	–	–	–	–	(8,985)
As at 31 March 2018	4,000	57,015	5,987	288	8	3,854	(1,812)	16,736	86,076
Initial application of HKFRS 9 *(note (2.1)(d))*	–	–	–	–	–	–	1,812	(1,893)	(81)
Restated balance as at 1 April 2018	**4,000**	**57,015**	**5,987**	**288**	**8**	**3,854**	**–**	**14,843**	**85,995**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(18,769)**	**(18,769)**
Other comprehensive income:									
Exchange differences on translation of financial statements of foreign operations	**–**	**–**	**–**	**–**	**–**	**(2,246)**	**–**	**–**	**(2,246)**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**(2,246)**	**–**	**(18,769)**	**(21,015)**
As at 31 March 2019	**4,000**	**57,015**	**5,987**	**288**	**8**	**1,608**	**–**	**(3,926)**	**64,980**

Notes:

(a) *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.

(b) *Capital reserve*

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

(c) *Statutory reserve*

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

(d) *Other reserve*

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

(e) *Exchange reserve*

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

(f) *Revaluation reserve*

Prior to 1 April 2018, the revaluation reserve comprises the change in the fair value of available-for-sale financial assets held at the end of the reporting period in accordance with HKAS 39. This amount has been reclassified to retained profits upon the initial adoption of HKFRS 9 as at 1 April 2018 *(note 2.1(d))*.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Cash flows from operating activities			
Loss before tax		**(18,928)**	(1,267)
Adjustments for:			
Bank interest income	*7*	**(15)**	(7)
Change in fair value of financial assets at fair value through profit or loss/available-for-sale financial assets	*7*	**(1,145)**	(195)
Finance costs	*8*	**3,586**	2,888
Expected credit loss on financial assets	*7*	**882**	–
Gain on disposal of property, plant and equipment	*9*	**–**	(101)
Depreciation of property, plant and equipment	*9*	**3,650**	4,435
Amortisation of land use rights	*9*	**31**	31
Write-down of inventories	*9*	**1,273**	294
Write-off of property, plant and equipment	*9*	**41**	424
		(10,625)	6,502
Increase in inventories		**(25,269)**	(15,041)
Decrease/(increase) in trade receivables		**11,275**	(9,377)
(Increase)/decrease in deposits, prepayments and other receivables		**(1,354)**	1,485
Increase/(decrease) in trade and bills payables		**780**	(6,733)
Decrease in provision for long services payments		**(126)**	(485)
Increase/(decrease) in accruals and other payables		**1,838**	(3,329)
Decrease in contract liabilities		**(6)**	–
Cash used in operations		**(23,487)**	(26,978)
Income taxes paid		**(1,006)**	(3,977)
Net cash used in operating activities		**(24,493)**	(30,955)
Cash flows from investing activities			
Interest received		**15**	202
Purchases of property, plant and equipment		**(4,619)**	(4,885)
Proceeds from disposal of property, plant and equipment		**474**	101
Payment to acquire available-for-sale financial assets		**–**	(32,168)
Placement of pledged bank deposit		**(15,000)**	–
Net cash used in investing activities		**(19,130)**	(36,750)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2019

	Note	2019 HK$'000	2018 HK$'000
Cash flows from financing activities			
Advances from a director		**15,003**	–
Interest paid		**(3,586)**	(2,888)
Repayment of bank borrowings		**(77,416)**	(118,821)
Proceeds from bank borrowings		**97,642**	131,877
Repayment of obligations under finance lease		**(89)**	(218)
Dividend paid		**–**	(10,304)
Proceeds from issue of shares upon placing		**–**	70,000
Payment of new shares listing costs		**–**	(8,985)
Net cash generated from financing activities		**31,554**	60,661
Net decrease in cash and cash equivalents		**(12,069)**	(7,044)
Cash and cash equivalents at the beginning of the year		**21,847**	26,714
Effect of exchange rate changes on cash and cash equivalents		**(2,326)**	2,177
Cash and cash equivalents at the end of the year	*24*	**7,452**	21,847

Non-cash transaction:
The principal non-cash transaction is dividend issued (note 37).

1. GENERAL

Mansion International Holdings Limited (the "**Company**") was incorporated as an exempted company with limited liability in the Cayman Islands on 17 May 2017. Its issued shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 26 January 2018 (the "**Listing Date**"). The Company's registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands, and its principal place of business in Hong Kong is located at 7/F., 822 Lai Chi Kok Road, Kowloon, Hong Kong.

The Company is an investment holding company and its subsidiaries (collectively referred to as the "**Group**") are principally engaged in the sale of baby and children garments.

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

In connection with the listing of the Company's shares on GEM, the Company underwent a reorganisation (the "**Reorganisation**") and has become the holding company of its subsidiaries now comprising the Group since 23 June 2017 by way of share swaps. The share swaps had no substance and did not form a business combination. Further details of the Reorganisation are set out in the section headed "History, Development and Reorganisation" in the prospectus of the Company dated 12 January 2018.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

2.1 Adoption of new/revised HKFRSs – effective 1 April 2018

Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKFRS 1, First-time adoption of Hong Kong Financial Reporting Standards
Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKAS 28, Investments in Associates and Joint Ventures
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance contract
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)
Amendments to HKAS 40	Transfers of Investment Property
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

2.1 *Adoption of new/revised HKFRSs – effective 1 April 2018 (Continued)*

(a) *Annual Improvements to HKFRSs 2014-2016 Cycle – Amendments to HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards*

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards, removing transition provision exemptions relating to accounting periods that had already passed and were therefore no longer applicable.

The adoption of these amendments has no impact on these financial statements as the periods to which the transition provision exemptions related have passed.

(b) *Annual Improvements to HKFRSs 2014-2016 Cycle – Amendments to HKAS 28, Investments in Associates and Joint Ventures*

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 28, Investments in Associates and Joint Ventures, clarifying that a Venture Capital organisation's permissible election to measure its associates or joint ventures at fair value is made separately for each associate or joint venture.

The adoption of these amendments has no impact on these financial statements as the Group is not a venture capital organisation.

(c) *Amendments to HKFRS 2 – Classification and Measurement of Share-Based Payment Transactions*

The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The adoption of these amendments has no impact on these financial statements as the Group does not have any cash-settled share-based payment transaction and has no share-based payment transaction with net settlement features for withholding tax.

(d) *HKFRS 9 – Financial Instruments*

HKFRS 9 replaces HKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 April 2018, bringing together all three aspects of the accounting for financial instruments: (1) classification and measurement; (2) impairment and (3) hedge accounting. The adoption of HKFRS 9 from 1 April 2018 has resulted in changes in accounting policies of the Group and the amounts recognised in the consolidated financial statements.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

2.1 Adoption of new/revised HKFRSs – effective 1 April 2018 (Continued)

(d) HKFRS 9 – Financial Instruments (Continued)

The following tables summarised the impact, net of tax, of transition to HKFRS 9 on the opening balance of reserves and retained profits as of 1 April 2018 as follows:

	Increase/ (decrease) HK$'000
Retained profits	
Retained profits as at 31 March 2018	16,736
Reclassify fair value loss previously recognised in other comprehensive income relating to available-for-sale financial assets now measured at fair value through profit or loss *(note 2.1(d)(i))*	(1,812)
Recognition of expected credit losses on trade receivables *(note 2.1(d)(ii)(a))*	(97)
Related tax	16
Restated retained profits as at 1 April 2018	14,843
Revaluation reserve	
Revaluation reserve balance at 31 March 2018	(1,812)
Reclassify fair value loss previously recognised in other comprehensive income relating to available-for-sale financial assets now measured at fair value through profit or loss *(note 2.1(d)(i))*	1,812
Restated reserves balance as at 1 April 2018	–

(i) Classification and measurement of financial instruments

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at fair value through profit or loss ("**FVTPL**"), where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities. However, it eliminates the previous HKAS 39 categories for financial assets of held to maturity financial assets, loans and receivables and available-for-sale financial assets. The adoption of HKFRS 9 has no material impact on the Group's accounting policies related to financial liabilities and derivative financial instruments. The impact of HKFRS 9 on the Group's classification and measurement of financial assets is set out below.

Under HKFRS 9, except for certain trade receivables (that the trade receivables do not contain a significant financing component in accordance with HKFRS 15), an entity shall, at initial recognition, measure a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. A financial asset is classified as: (i) financial assets at amortised cost ("**amortised costs**"); (ii) financial assets at fair value through other comprehensive income ("**FVOCI**"); or (iii) FVTPL (as defined in above). The classification of financial assets under HKFRS 9 is generally based on two criteria: (i) the business model under which the financial asset is managed; and (ii) its contractual cash flow characteristics (the "**solely payments of principal and interest**" criterion, also known as "**SPPI criterion**").

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

2.1 Adoption of new/revised HKFRSs – effective 1 April 2018 (Continued)

(d) HKFRS 9 – Financial Instruments (Continued)

(i) Classification and measurement of financial instruments (Continued)

A financial asset is measured at amortised cost if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

A debt investment is measured at FVOCI if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to achieved by both collecting contractual cash flows and selling financial assets; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

All other financial assets not classified at amortised cost or FVOCI as described above are classified as FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The following accounting policies would be applied to the Group's financial assets as follows:

FVTPL	FVTPL is subsequently measured at fair value. Changes in fair value, dividends and interest income are recognised in profit or loss.
Amortised cost	Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

2.1 Adoption of new/revised HKFRSs – effective 1 April 2018 (Continued)

(d) HKFRS 9 – Financial Instruments (Continued)

(i) Classification and measurement of financial instruments (Continued)

The following table summarises the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets as at 1 April 2018:

Financial assets	**Original classification under HKAS 39**	**New classification under HKFRS 9**	**Carrying amount as at 31 March 2018 under HKAS 39** HK$'000	**Carrying amount as at 1 April 2018 under HKFRS 9** HK$'000
Available-for-sale financial assets	Available-for-sale (at fair value) *(note)*	FVTPL	28,505	28,505
Trade receivables	Loans and receivables	Amortised cost	33,643	33,643
Deposits and other receivables	Loans and receivables	Amortised cost	8,541	8,541
Cash and bank balances	Loans and receivables	Amortised cost	21,847	21,847

Note: As of 1 April 2018, investment in life insurance policy was reclassified from available-for-sale financial asset to financial asset at FVTPL, as it does not meet the SPPI criterion. As such, investment in life insurance policy with a fair value of HK$28,505,000 was reclassified from available-for-sale financial asset to financial asset at FVTPL and the fair value loss of HK$1,812,000 was reclassified from the revaluation reserve on 1 April 2018 to the retained profits.

(ii) Impairment of financial assets

The adoption of HKFRS 9 has changed the Group's impairment model by replacing the HKAS 39 "incurred loss model" to the "expected credit losses ("**ECLs**") model". HKFRS 9 requires the Group to recognised ECL for trade receivables and financial assets at amortised costs, earlier than HKAS 39.

Under HKFRS 9, the loss allowances are measured on either of the following bases: (1) 12 month ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date: and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

2.1 Adoption of new/revised HKFRSs – effective 1 April 2018 (Continued)

(d) HKFRS 9 – Financial Instruments (Continued)

(ii) Impairment of financial assets (Continued)

Measurement of ECLs
ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for trade receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt under financial assets, the ECLs are based on the 12-month ECLs. The 12-month ECLs is the portion of the lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information. The Group's debt investment at FVOCI is considered to have low credit risk since the issuer's credit rating is high.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

2.1 Adoption of new/revised HKFRSs – effective 1 April 2018 (Continued)

(d) HKFRS 9 – Financial Instruments (Continued)

(ii) Impairment of financial assets (Continued)

Presentation of ECLs

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impact of the ECL model

(a) Impairment of trade receivables

As mentioned above, the Group applies the HKFRS 9 simplified approach to measure ECLs which adopts lifetime ECLs for all trade receivables. To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance as at 1 April 2018 was determined as follows for trade receivables as follows:

	Expected credit loss rate (%)	**Gross carrying amount** HK$'000	**Loss allowance** HK$'000
Not past due	0.07%	31,159	23
Less than 30 days past due	1.49%	1,903	28
31 – 120 days past due	7.43%	575	43
121 days – 1 year past due	51.98%	2	1
More than 1 year past due	57.97%	4	2
Total		33,643	97

The increase in loss allowance for trade receivables upon the transition to HKFRS 9 as at 1 April 2018 was approximately HK$97,000. The loss allowances further increased by HK$882,000 during the year ended 31 March 2019.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

2.1 Adoption of new/revised HKFRSs – effective 1 April 2018 (Continued)

(d) HKFRS 9 – Financial Instruments (Continued)

(ii) Impairment of financial assets (Continued)

Impact of the ECL model (Continued)

(b) Impairment of deposits and other receivables

For deposits and other receivables, the Group measures the loss allowances equal to 12-month ECLs, unless when there has been a significant increase in credit risk since initial recognition. The Group recognises lifetime ECLs. Management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. The Group considered counter parties having a low risk of default and a strong capacity of to meet contractual cash flow as performing.

(c) Impairment of pledged bank deposit and cash and bank balances

Pledged bank deposit and cash and bank balances are considered to have low credit risk. The loss allowances recognised were limited to 12-month ECLs and considered immaterial to the Group.

The Directors considered that the impairment under ECLs model for the balances of deposits, other receivables, pledged bank deposit, cash and bank balances as at 1 April 2018 was immaterial and no adjustment was made to the retained profits as at 1 April 2018 (see note (iv) below for transitional provision).

(iii) Hedge accounting

Hedge accounting under HKFRS 9 has no impact on the Group as the Group does not apply hedge accounting in its hedging relationships.

(iv) Transition

The Group has applied the transitional provision in HKFRS 9 such that HKFRS 9 was generally adopted without restating comparative information. The reclassifications and the adjustments arising from the new ECLs rules are therefore not reflected in the consolidated statement of financial position as at 31 March 2018, but are recognised in the consolidated statement of financial position on 1 April 2018. This means that differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9 are recognised in retained profits as at 1 April 2018. Accordingly, the information presented for the year ended 31 March 2018 does not reflect the requirements of HKFRS 9 but rather those of HKAS 39. The assessment of determination of the business model within which a financial asset is held has been made on the basis of the facts and circumstances that existed at the date of initial application (the "**DIA**") of HKFRS 9.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

2.1 Adoption of new/revised HKFRSs – effective 1 April 2018 (Continued)

(e) HKFRS 15 – Revenue from Contracts with Customers ("HKFRS 15")

HKFRS 15 supersedes HKAS 11 "Construction Contracts", HKAS 18 "Revenue" and related interpretations. HKFRS 15 has established a five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at the amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group has adopted HKFRS 15 using the cumulative effect method without practical expedients. The Group has recognised the cumulative effect of initially applying HKFRS 15 as an adjustment to the opening balance of retained profits at the DIA (that is, 1 April 2018). As a result, the financial information presented for the year ended 31 March 2018 has not been restated. There is no impact of transition to HKFRS 15 on the opening balances of retained profits.

Details of the new significant accounting policies and the nature of the changes to previous accounting policies in relation to the Group's various goods are set out below:

(i) Timing of revenue recognition

Previously, revenue from sale of goods was generally recognised when the risks and rewards of ownership of the goods had passed to the customers. Under HKFRS 15, revenue is recognised when the customer obtains control of the promised goods in the contract. This may be at a single point in time.

HKFRS 15 identifies the following three situations in which control of the promised goods is regarded as being transferred over time:

- When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;
- When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced; or
- When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that goods at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

The adoption of HKFRS 15 does not have a significant impact on when the Group recognises revenue from sale of goods. Under HKFRS 15, the Group recognises revenue from sale of goods at a point in time.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

2.1 Adoption of new/revised HKFRSs – effective 1 April 2018 (Continued)

(e) HKFRS 15 – Revenue from Contracts with Customers ("HKFRS 15") (Continued)

(ii) Prepaid gift certificate

Prior to adoption of HKFRS 15, the unredeemed gift certificate using the fair value to recognise of the deferred revenue in relation to gift certificate issued but not yet redeemed or expired.

The Group concluded that under HKFRS 15, the unredeemed gift certificate gives rise to a separate performance obligation because it generally provides a material right to the customer. Under HKFRS 15, the Group allocated a portion of the transaction price to the gift certificate based on relative standalone selling price. The Group determined that, considering the relative stand-alone selling prices, the amount allocated to the prepaid gift certificate should not be significant by different compared to the previous accounting policy.

Under HKFRS 15, estimated amount of gift certificate requires to be considered reference to the guidance on constraining estimates of variable consideration as well as the Group's historical experience with the usage of gift certificate. Based on the past experience, the management of the Group considers the estimated amount of gift certificate as at 1 April 2018 and 31 March 2019 would not have a significant impact on the Group's financial position and performance.

(iii) Right of return

Customers has right to exchange goods under the Group's standard contract terms. Under the Group's policies, if the sold products had quality problem, customer can exchange for same products or other lower value products within 14 days upon acceptance of the goods. In extreme cases, customers only be returned in cash.

Under HKFRS 15, right of return gives rise to variable consideration. The variable consideration is estimated at contract inception and constrained until the associated uncertainty is subsequently resolved. The application of the constraint on variable consideration increases the amount of revenue that will be deferred.

Based on the past experience, the management of the Group considers the refund liability as of 1 April 2018 and 31 March 2019 would not have a significant impact on the Group's financial position and performance.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

2.1 Adoption of new/revised HKFRSs – effective 1 April 2018 (Continued)

(e) HKFRS 15 – Revenue from Contracts with Customers ("HKFRS 15") (Continued)

(iv) Assurance-type warranties

The Group has warranties in which the customer can return the defective product in exchange for a functioning product within 14 days after retail sales ranging from 3 to 6 months for wholesales, but does not offer any multi-period maintenance or extended warranty agreements. The Group decides to use the expected value method to recognise revenue when a customer obtains control of the goods with an estimated warranty provision record for the estimated future warranty cost. Assurance-type warranties on the Group's products do not provide an additional service to the customer.

Based on the past experience, the management of the Group considers the provision of warranties as of 1 April 2018 and 31 March 2019 would not have a significant impact on the Group's financial position and performance.

(v) Presentation and disclosure requirements

Contract liabilities
A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

At the date of initial application, 1 April 2018, the Group had deferred revenue amounted to HK$130,000 previously included in "accruals and other payables" was reclassified to contract liabilities upon application of HKFRS 15.

The following table shows the impact on each individual line item of the consolidated statement of financial position as of 31 March 2018 following the adoption of the HKFRS 15. Line items that were not affect by the changes have not been included, and therefore the line items disclosed do not add up to the sub-total and total below.

Consolidated statement of financial position (extracts)	**Carrying amount as at 31 March 2018 under HKAS 18** HK$'000	**Impact of adoption of HKFRS 15** HK$'000	**As reported** HK$'000
Accruals and other payables	12,083	(130)	11,953
Contract liabilities	–	130	130

The adoption of HKFRS 15 has no impact on the net cash flows from operating, investing and financing activities on the consolidated statement of cash flows.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

2.1 Adoption of new/revised HKFRSs – effective 1 April 2018 (Continued)

(f) Amendments to HKFRS 15 – Revenue from Contracts with Customers (Clarifications to HKFRS)

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

The adoption of these amendments has no impact on these financial statements as the Group had not previously adopted HKFRS 15 and took up the clarifications in this, its first year.

(g) Amendments to HKAS 40 – Transfers of Investment Property

The amendments clarify that transfer to or from investment properties there must be a change in use and provides guidance on making this determination. The clarification states that a change of use will occur when a property meets, or ceases to meet, the definition of investment property and there is supporting evidence that a change has occurred. The amendments also re-characterise the list of evidence in the standard as a non-exhaustive list, thereby allowing for other forms of evidence to support a transfer.

The adoption of these amendments has no impact on these financial statements as the clarified treatment is consistent with the manner in which the Group has previously assessed transfers.

(h) HK(IFRIC) – Int 22 – Foreign Currency Transactions and Advance Consideration

The Interpretation provides guidance on determining the date of the transaction for determining an exchange rate to use for transactions that involve advance consideration paid or received in a foreign currency and the recognition of a non-monetary asset or non-monetary liability. The Interpretations specifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part thereof) is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

The adoption of these amendments has no impact on these financial statements as the Group has not paid or received advance consideration in a foreign currency.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

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

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

HKFRS 16	Leases[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKFRS 3	Definition of a Business[2]
Amendments to HKAS 1 and HKAS 8	Definition of Material[2]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 3, Business Combinations[1]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 11, Joint Arrangements[1]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKAS 12, Income Taxes[1]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKAS 23, Borrowing Costs[1]
HKFRS 17	Insurance Contracts[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]

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

2 Effective for annual periods beginning on or after 1 January 2020

3 Effective for annual periods beginning on or after 1 January 2021

4 The amendments were originally intended to be effective for periods beginning on or after 1 January 2017. The effective date has now been deferred/removed. Early application of the amendments of the amendments continue to be permitted.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

2.2 New/revised HKFRSs that have been issued but are not yet effective (Continued)

HKFRS 16 – Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 "Leases" and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

As at 31 March 2019, the Group has non-cancellable operating lease commitments of HK$32,321,000 as disclosed in note 35. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16 and the effects of discounting.

HK(IFRIC) – Int 23 – Uncertainty over Income Tax Treatments

The Interpretation supports the requirements of HKAS 12, Income Taxes, by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes. Under the interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the "most likely amount" or the "expected value" approach, whichever better predicts the resolution of the uncertainty.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

2.2 *New/revised HKFRSs that have been issued but are not yet effective (Continued)*

Amendments to HKFRS 9 – Prepayment Features with Negative Compensation

The amendments clarify that prepayable financial assets with negative compensation can be measured at amortised cost or at fair value through other comprehensive income if specified conditions are met instead of at fair value through profit or loss.

Amendments to HKAS 28

The amendment clarifies that HKFRS 9 applies to long-term interests ("**LTI**") in associates or joint ventures which form part of the net investment in the associates or joint ventures and stipulates that HKFRS 9 is applied to these LTI before the impairment losses guidance within HKAS 28.

Amendments to HKFRS 3 – Definition of a Business

The amendments improve the definition of a business. The amended definition emphasises that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. In addition to amending the wording of the definition, supplementary guidance has been provided.

Amendments to HKAS 1 and HKAS 8 – Definition of Material

The amendments clarify the definition of material to make it easier for entities to make materiality judgements. The definition of material, an important accounting concept in HKFRS, helps entities decide whether information should be included in their financial statements.

Annual Improvements to HKFRSs 2015-2017 Cycle – Amendments to HKFRS 3, Business Combinations

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 3 which clarify that when a joint operator of a business obtains control over a joint operation, this is a business combination achieved in stages and the previously held equity interest should therefore be remeasured to its acquisition-date fair value.

Annual Improvements to HKFRSs 2015-2017 Cycle – Amendments to HKFRS 11, Joint Arrangements

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 11 which clarify that when a party that participates in, but does not have joint control of, a joint operation which is a business and subsequently obtains joint control of the joint operation, the previously held equity interest should not be remeasured to its acquisition-date fair value.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

2.2 New/revised HKFRSs that have been issued but are not yet effective (Continued)

Annual Improvements to HKFRSs 2015-2017 Cycle – Amendments to HKAS 12, Income Taxes

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 12 which clarify that all income tax consequences of dividends are recognised consistently with the transactions that generated the distributable profits, either in profit or loss, other comprehensive income or directly in equity.

Annual Improvements to HKFRSs 2015-2017 Cycle – Amendments to HKAS 23, Borrowing Costs

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 23 which clarify that a borrowing made specifically to obtain a qualifying asset which remains outstanding after the related qualifying asset is ready for its intended use or sale would become part of the funds an entity borrows generally and therefore included in the general pool.

HKFRS 17 – Insurance Contracts

HKFRS 17 will replace HKFRS 4 as a single principle-based standard for the recognition, measurement, presentation and disclosure of insurance contracts in the financial statements of the issuers of those contracts.

Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

The Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group's accounting policies and financial statements.

3. BASIS OF PREPARATION AND PRESENTATION

(a) *Statement of compliance*

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations (hereinafter collectively referred to as the "**HKFRS**") and the provisions of the Hong Kong Companies Ordinance which concern the preparation of consolidated financial statements. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

(b) *Basis of measurement*

The consolidated financial statements have been prepared under the historical cost basis except for financial assets at fair value through profit or loss and available-for-sale financial assets, which are measured at fair value as explained in the accounting policy set out in below.

(c) *Going concern assumption*

The Group continues to adopt the going concern basis in preparing its consolidated financial statements. The Group has continued to sustain loss with a significant increase in loss for the year. The loss for the year ended 31 March 2019 amounted to HK$18,769,000 and the net current assets and the net assets had decreased to HK$12,012,000 and HK$64,980,000 respectively as at 31 March 2019.

Notwithstanding the above, the consolidated financial statements have been prepared on a going concern basis as the Directors have given careful consideration to the impact of the current and anticipated future liquidity of the Group and are satisfied that:

(i) The Group will be able to maintain its scale of Original Brand Manufacturing and Original Equipment Manufactury businesses at least similar to that of the year ended 31 March 2019 and the Group will maintain similar mark-up margin for the sales in coming year.

(ii) The banking facilities from the Group's bankers for its working capital requirements for the next twelve months will be available as and when required, having regard to the following: (i) undrawn banking facilities amounting to HK$25,932,000; and (ii) the balances of revolving loans amounted to HK$52,324,000. The Directors have confidence that the Group is able to extend and renew the banking facilities based on the related assets being pledged as security for the banking facilities, the past history of the renewal and the Group continues to meet the fulfilment of covenants, no breach of covenants in past and no repayment default record.

(iii) A Director confirmed that she will not request the Group to repay the outstanding amount of HK$15,003,000 until the Group is in a position to repay. She has agreed to provide continuing financial support to the Group so as to enable the Group to continue its daily operations as a going concern notwithstanding any present or future financial difficulties experienced by the Group. As at 31 March 2019, the Group has available facility from her up to approximately HK$35,000,000.

3. BASIS OF PREPARATION AND PRESENTATION (CONTINUED)

(c) Going concern assumption (Continued)

(iv) The management closely monitors the Group's financial performance and liquidity position. During May 2019, the Group has appointed a senior management. The management has been implementing measures to improve profitability, control operating costs and contain capital expenditures in order to improve the Group's operating performance and alleviate its liquidity risk. These measures include (i) reviewing the working procedures and laying off redundant staff, (ii) restructuring the geographical locations and product mix of underperforming retail stores and counters, (iii) negotiating with the landlords for rental reduction upon renewal of relevant tenancy agreements, and (iv) terminating a number of underperforming stores upon the expiry of relevant tenancy agreements. The management believes that these measures will result in improvement in operating profitability and the resulting cash flows.

Having taken into account the above, the Directors consider that the Group will have sufficient financial resources to meet in full its working capital requirements and financial obligations as and when they fall due in the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

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

(d) Functional and presentation currency

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is also the functional currency of the Company, and all values are rounded to the nearest thousands, except when otherwise indicated.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and the Group. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

De-facto control exists in situations where the Company has the practical ability to direct the relevant activities of the investee without holdings the majority of the voting rights. In determining whether de-facto control exists the Company considers all relevant facts and circumstances, including: (i) the size of the Company's voting rights relative to both the size and dispersion of other parties who hold voting rights; (ii) substantive potential voting rights held by the Company and other parties who hold voting rights; (iii) other contractual arrangements; and (iv) historic patterns in voting attendance.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their cost or valuation net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Buildings	10 to 20 years
Leasehold improvements	2 to 10 years or over terms of the lease whichever is shorter
Plant and machinery	3 to 5 years
Furniture, fixtures and office equipment	3 to 5 years
Motor vehicles	5 years

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Property, plant and equipment (Continued)

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, the term of the relevant lease.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in the profit or loss on disposal.

(d) Club debentures

Acquired club debentures are stated at historical cost less accumulated impairment losses, if any. They are measured at the fair value of the consideration given to acquire the club debenture at the time of the acquisition. The club debenture is tested annually for impairment.

(e) Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents 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) Land use rights

Land use rights represent upfront payments to acquire long-term interests in lessee-occupied properties. These payments are stated at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated on a straight line basis over 50 years (the term of the lease/right to use).

(g) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are initially recognised as assets at their fair value or, if lower, the present value of the minimum lease payments. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to profit or loss over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

The total rentals payable under the operating leases are recognised in profit or loss on a straight-line basis over the lease term. Lease incentives received are recognised as an integrated part of the total rental expense, over the term of the lease.

The land and buildings elements of property leases are considered separately for the purposes of lease classification.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) *Financial instruments (accounting policies applied from 1 April 2018)*

(i) *Financial assets*

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("**FVTPL**"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The following is the measurement categories into which the Group classifies its debt instruments:

Amortised cost:	Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.
FVTPL	Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through other comprehensive income, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

(ii) *Impairment loss on financial assets*

The Group recognises loss allowances for ECLs on trade receivables and financial assets measured at amortised cost. The ECLs are measured on either of the following bases: (1) 12-month ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial instruments (accounting policies applied from 1 April 2018) (Continued)

(ii) Impairment loss on financial assets (Continued)

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured 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. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for trade receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Other debt financial assets, the ECLs are based on the 12-month ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. Non credit-impaired financial assets interest income is calculated based on the gross carrying amount.

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at FVTPL are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade and bills payables, accruals and other payables, amount due to a director and bank borrowings are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial instruments (accounting policies applied from 1 April 2018) (Continued)

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

(i) Financial instruments (accounting policies applied until 31 March 2018)

(i) Financial assets

The Group classifies its financial assets at initial recognition, depending on the purpose for which the asset was acquired. Financial assets at fair value through profit or loss are initially measured at fair value and all other financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade debtors), and also incorporate other types of contractual monetary asset. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses.

Available-for-sale financial assets

These assets are non-derivative financial assets that are designated as available-for-sale or are not included in other categories of financial assets. Subsequent to initial recognition, these assets are carried at fair value with changes in fair value recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary instruments, which are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) *Financial instruments (accounting policies applied until 31 March 2018) (Continued)*

(ii) *Impairment loss on financial assets*

The Group assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of debtor's financial difficulty; and/or
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

For loans and receivables

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of financial asset is reduced through the use of an allowance account. When any part of financial asset is determined as uncollectible, it is written off against the allowance account for the relevant financial asset.

For available-for-sale financial assets

Where a decline in the fair value constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognised in profit of loss.

Any impairment losses on available-for-sale debt investments are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

(iii) *Financial liabilities*

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at FVTPL are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at fair value through profit or loss

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Financial instruments (accounting policies applied until 31 March 2018) (Continued)

(iii) Financial liabilities (Continued)

Financial liabilities at fair value through profit or loss (Continued)

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial liability at FVTPL, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial liabilities may be designated upon initial recognition as at FVTPL if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis; (ii) the liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial liability contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, financial liabilities at FVTPL are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade and bills payables, accruals and other payables and bank borrowings are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Equity instrument

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vi) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Financial instruments (accounting policies applied until 31 March 2018) (Continued)

(vi) Derecognition (Continued)

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the year.

(vii) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(j) Cash and bank balances

Cash and bank balances comprise cash at bank and in hand, demand deposits with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(k) Revenue recognition (accounting policies applied from 1 April 2018)

Revenue from contracts with customers is recognised when control of goods is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods, excluding those amounts collected on behalf of third parties. Revenue is net of value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Revenue recognition (accounting policies applied from 1 April 2018) (Continued)

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

(i) Sale of goods

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

Some of the Group's contracts with customers from the sale of goods provides customers a right of return. Normally, these rights of return allow the returned goods to be exchanged with the same goods or lower value of goods. Only in extremely cases will be refunded in cash. When the return is refunded in cash, the rights of return give rise to variable consideration. The variable consideration is estimated at contract inception and constrained until the associated uncertainty is subsequently resolved. The application of the constraint on variable consideration increases the amount of revenue that will be deferred. In addition, a refund liability and a right to recover returned goods assets are recognised. Since the amount of return of goods is immaterial, no adjustments have been made to opening balance as at 1 April 2018 in regard to change in accounting policy.

(ii) Unredeemed gift certificate

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Revenue recognition (accounting policies applied from 1 April 2018) (Continued)

(iii) Variable consideration

For contracts that contain variable consideration, the Group recognises the amount of consideration to which it is entitled using the most likely amount, which better predicts the amount of consideration to which the Group is entitled. The amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

(iv) Assurance-type warranties

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

(v) Principal versus agent

When another party is involved in providing goods to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods itself (i.e. the Group is a principal) or to arrange for those goods to be provided by the other party (i.e. the Group is an agent). The Group is a principal if it controls the specified goods or before that goods is transferred to a customer. The Group is an agent if its performance obligation is to arrange for the provision of the specified goods by another party. In this case, the Group does not control the specified goods provided by another party before that goods is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods to be provided by the other party. The Group acts as an agent for concessionaire sales as the Group does not control the specific goods provided by the concessionaires before goods transferred to a customer.

(vi) Contract assets and contract liabilities

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

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

(vii) Interest income

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Revenue recognition (accounting policies applied until 31 March 2018)

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sales of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can measured reliably.

Income from sale of consigned goods

Income from sale of consigned goods is recognised when consigned goods are sold and the related risks and rewards of ownership of the goods have been transferred to the customers.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of interest can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(m) Contract costs

The Group recognises an asset from the costs incurred to fulfil a contract when those costs meet all of the following criteria:

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

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

(c) the costs are expected to be recovered.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Contract costs (Continued)

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained e.g. an incremental sales commission. Incremental costs of obtaining a contract are capitalised when incurred if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

The Group applies the practical expedient in HKFRS 15 and recognises the incremental costs of obtaining contracts relating to the sale of completed properties and services as an expense when incurred if the amortisation period of the assets that the Group otherwise would have recognised is within the same reporting period as the date of entering into the contract.

(n) Borrowing costs

Borrowing costs incurred for the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

(o) Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of asset and liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and jointly controlled entities, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they related to items recognised directly in equity in which case the taxes are also recognised directly in equity.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current and future tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Foreign currency

Transactions entered into by the Company in currencies other than the currency of the primary economic environment in which it/they operate(s) (the "**functional currency**") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as foreign exchange reserve (attributed to minority interests as appropriate). Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as exchange reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the exchange reserve relating to that operation up to the date of disposal are reclassified to profit or loss as part of the profit or loss on disposal.

(q) Research and development

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development.

(r) Employee benefits

Retirement benefits to employees are provided through defined contribution plans. The Group operates a defined contribution benefit plan under the Mandatory Provident Fund Schemes Ordinance (the "**MPF Scheme**"), for all of its employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries.

Employees of the Group's subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of employees' salaries to the central pension scheme.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Employee benefits (Continued)

Contributions are recognised as an expense in profit or loss as employees render services during the year. The Group's obligations under these plans are limited to the fixed percentage contributions payable.

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

The Group's net obligation in respect of long service payments on cessation of employment in certain circumstances under the Hong Kong Employment Ordinance is the amount of future benefit that employees have earned in return for their service in the current and prior periods; and that such future benefits are discounted to determine the present value and reduced by entitlements accrued under the Group's retirement plans that are attributable to contributions made by the Group.

(s) Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment under cost model;
- land use rights;
- club debentures; and
- investments in subsidiaries

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the impairment loss is treated as a revaluation decrease under that HKFRS.

Where the impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the reversal of the impairment loss is treated as a revaluation increase under that HKFRS.

Value in use is based on the estimated future cash flows expected to be derived from the asset, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which it is probable will result in an outflow of economic benefits that can be reliably estimated.

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

(u) Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions apply:

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) Both entities are joint ventures of the same third party;
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group;
- (vi) The entity is controlled or jointly controlled by a person identified in (a);
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity); or
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the group or to the group's parent.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Related parties (Continued)

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of each 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.

(i) Net realisable value of inventories

At reporting date, the Group reviews the carrying value of its inventories to ensure that they are stated at the lower of cost and net realisable value. In assessing net realisable value of the Group's inventories, an estimate of the reliable amount of the inventories on hand is performed by management based on the most reliable evidence available at the time the estimate is made. This represents the value of inventories which are expected to realise as estimated by management. These estimates take into consideration the fluctuations of price or cost, of any inventory on hand that may be realised, directly relating to events occurring after the end of the financial year to the extent that such events confirm conditions existing at the end of the financial year. The carrying amount of inventories is disclosed in note 20.

(ii) Estimated useful lives of property, plant and equipment

In assessing the estimated useful lives of the property, plant and equipment, the Group takes into account factors, such as the expected usage of the assets by the Group based on past experience, the technical obsolescence arising from changes or improvements in production or from a change in the market demand for the products. The estimation of the useful lives is a matter of judgement based on the experience of the Group. The carrying amount of property, plant and equipment is disclosed in note 15.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

(iii) Impairment of financial assets measured at amortised cost

Management estimates the amount of loss allowance for ECL on financial assets that are measured at amortised cost based on the credit risk of the respective financial asset. The loss allowance amount is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows after taking into consideration of expected future credit loss of the respective financial asset. The assessment of the credit risk of the respective financial asset involves high degree of estimation and uncertainty about future economic conditions which have an adverse effect on debtors' business, debtors' creditworthiness, the payment delinquency or default in interest or principal payments. When the actual future cash flows are different from expected, a material impairment loss or a material reversal of impairment loss may arise, accordingly. The carrying amount of trade receivables is disclosed in note 21.

(iv) Going concern basis

The assessment of the going concern assumptions involves making judgements by the Directors, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. The Directors consider that the Group has ability to continue as going concern and the major conditions that may cast doubt about the going concern assumptions are set out in note 3(c).

6. REVENUE AND SEGMENT INFORMATION

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

Original Equipment Manufacturing ("**OEM**")	OEM business directly to the overseas brand companies or designated sourcing companies mainly located in Hong Kong, UK and US; and
Original Brand Manufacturing ("**OBM**")	OBM business under our own brand "Mides" and complementary third party brand products through our self-operated retail stores and department store counters in Hong Kong, and wholesale in Hong Kong, the PRC and Macau.

Segment results represents the loss before tax by each segment and excluding bank interest income, change in fair value of financial assets at FVTPL available-for-sale financial assets, gain on disposal of property, plant and equipment, exchange gain, listing expenses, directors' remuneration and finance costs. Unallocated expenses mainly included staff costs, legal and professional fees, repair and maintenance, telephone expenses, travelling expenses, advertising and promotion and motor vehicles expenses. This is the measure reported to the executive directors for the purpose of resource allocation and assessment of segment performance.

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment revenue and results

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

Year ended 31 March 2019	**OEM HK$'000**	**OBM HK$'000**	**Total HK$'000**
REVENUE, recognised at a point in time			
External sales	**161,297**	**69,528**	**230,825**
RESULTS			
Segment results	**10,366**	**7,708**	**18,074**
Bank interest income			**15**
Change in fair value of financial assets at FVTPL			**1,145**
Exchange gain			**997**
Directors' remuneration			**(8,125)**
Finance costs			**(3,586)**
Unallocated expenses			**(27,448)**
Loss before tax			**(18,928)**

Year ended 31 March 2018	OEM HK$'000	OBM HK$'000	Total HK$'000
REVENUE, recognised at a point in time			
External sales	181,170	84,598	265,768
RESULTS			
Segment results	22,509	13,604	36,113
Bank interest income			7
Interest income of available-for-sale financial assets			195
Gain on disposal of property, plant and equipment			101
Exchange gain			71
Listing expenses			(15,280)
Directors' remuneration			(6,681)
Finance costs			(2,888)
Unallocated expenses			(12,905)
Loss before tax			(1,267)

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Other segment information

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

Year ended 31 March 2019	**OEM HK$'000**	**OBM HK$'000**	**Unallocated HK$'000**	**Total HK$'000**
Cost of inventories sold	**(125,063)**	**(13,624)**	**–**	**(138,687)**
Employee benefit expenses	**(21,310)**	**(19,992)**	**(66,374)**	**(107,676)**
Depreciation of property, plant and equipment	**(436)**	**(1,858)**	**(1,356)**	**(3,650)**
Minimum lease payments under operating leases recognised as an expense	**(2,757)**	**(23,810)**	**(87)**	**(26,654)**

Year ended 31 March 2018	OEM HK$'000	OBM HK$'000	Unallocated HK$'000	Total HK$'000
Cost of inventories sold	(127,164)	(17,173)	–	(144,337)
Employee benefit expenses	(27,044)	(22,759)	(68,549)	(118,352)
Depreciation of property, plant and equipment	(411)	(2,637)	(1,387)	(4,435)
Minimum lease payments under operating leases recognised as an expense	(3,108)	(25,708)	(17)	(28,833)

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Geographical information

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

	2019 HK$'000	2018 HK$'000
PRC, Macau and Taiwan	**5,206**	13,219
Hong Kong ("HK")	**77,147**	91,272
United Kingdom ("UK")	**87,773**	76,891
United States of America ("US")	**56,014**	84,305
Others	**4,685**	81
	230,825	265,768

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

	2019 HK$'000	2018 HK$'000
HK	**41,707**	40,886
PRC	**11,947**	11,244
	53,654	52,130

Information about major customers

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

	2019 HK$'000	2018 HK$'000
Customer A	**50,881**	53,710
Customer B	**32,667**	44,947
Customer C	**N/A**	29,338

Customer A, B and C are located in UK and US. The revenue generated from Customer C is less than 10% of the Group's revenue for the year ended 31 March 2019. No OBM customers has contributed more than 10% of the Group's revenue.

7. OTHER INCOME, GAINS AND (LOSSES)

	2019 HK$'000	2018 HK$'000
Bank interest income	**15**	7
Change in fair value of financial assets at fair value through profit or loss/available-for-sale financial assets	**1,145**	195
Gain on disposal of property, plant and equipment	**–**	101
Exchange gain	**997**	71
Expected credit loss on trade receivables	**(882)**	–
Sundry (expenses)/income	**(1,156)**	950
	119	1,324

8. FINANCE COSTS

	2019 HK$'000	2018 HK$'000
Interest on bank borrowings	**3,583**	2,563
Interest on a shareholder's loan	**–**	320
Interest on finance lease	**3**	5
	3,586	2,888

9. LOSS BEFORE TAX

The Group's loss before tax is arrived at after (crediting)/charging:

	2019 HK$'000	2018 HK$'000
Directors' remuneration *(note 10)*	**8,125**	6,681
Employee benefit expenses (excluding the directors' remuneration):		
Salaries, allowances and other benefits	**92,903**	104,128
Pension scheme contributions	**6,648**	7,543
Total staff costs	**107,676**	118,352
Auditor's remuneration	**800**	1,000
Amortisation of land use rights	**31**	31
Costs of inventories sold	**138,687**	144,337
Depreciation of property, plant and equipment	**3,650**	4,435
Listing expenses	**–**	15,280
Gain on disposal property, plant and equipment	**–**	(101)
Minimum lease payments under operating leases recognised as an expense	**26,654**	28,833
Write-off of property, plant and equipment	**41**	424
Write-down of inventories	**1,273**	294

10. DIRECTORS' REMUNERATION

Directors' remuneration during the year which was not included in the staff costs as disclosed in note 9 is as follows:

Year ended 31 March 2019	Fees, salaries, allowances and other benefits HK$'000	Discretionary bonus HK$'000	Pension scheme contributions HK$'000	Total HK$'000
Executive directors:				
Ms. Fung Sau Ying ("**Ms. Fung**") *(note (i))*	**2,497**	**–**	**12**	**2,509**
Ms. Luk Sau Kuen ("**Ms Luk**") *(note (ii))*	**1,440**	**–**	**8**	**1,448**
Mr. Cheung Desmond Lap Wai	**1,440**	**–**	**18**	**1,458**
Ms. Ho Lai Ying	**1,440**	**–**	**18**	**1,458**
Non-executive directors:				
Ms. Luk *(note (ii))*	**180**	**–**	**–**	**180**
Mr. Char Yat Shan Jonathan *(note (iii))*	**172**	**–**	**–**	**172**
Independent non-executive directors:				
Mr. Choi Wing San Wilson	**300**	**–**	**–**	**300**
Mr. Cheung Ping Kwan Timothy	**300**	**–**	**–**	**300**
Mr. Leung Wai Yin *(note (iv))*	**300**	**–**	**–**	**300**
	8,069	**–**	**56**	**8,125**

10. DIRECTORS' REMUNERATION (CONTINUED)

Year ended 31 March 2018	Fees, salaries, allowances and other benefits HK$'000	Discretionary bonus HK$'000	Pension scheme contributions HK$'000	Total HK$'000
Executive directors:				
Ms. Fung *(notes (i))*	4,275	–	18	4,293
Mr. Cheung Desmond Lap Wai	983	–	18	1,001
Ms. Ho Lai Ying	1,149	–	18	1,167
Non-executive director:				
Ms. Luk *(note (ii))*	55	–	–	55
Independent non-executive directors:				
Mr. Choi Wing San Wilson	55	–	–	55
Mr. Cheung Ping Kwan Timothy	55	–	–	55
Mr. Leung Wai Yin	55	–	–	55
	6,627	–	54	6,681

Notes:

(i) Ms. Fung was not entitled to housing allowance during the year ended 31 March 2019 (2018: HK$1,440,000, which was accounted for in the directors' remuneration). She deceased on 4 November 2018.

(ii) Ms. Luk was re-designated from a non-executive Director to an executive Director and appointed as Chairlady both with effect from 7 November 2018.

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

(iv) Mr. Leung Wai Yin resigned on 31 March 2019.

11. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid individuals of the Group for the year ended 31 March 2019 included four directors (2018: three directors) of the Company whose emoluments are disclosed in note 10. The aggregate of the emoluments in respect of the remaining individuals are as follows:

	2019 HK$'000	2018 HK$'000
Salaries, allowances and other benefits	**802**	1,649
Pension scheme contributions	**18**	36
	820	1,685

11. FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

The remuneration paid to each of the above non-director highest paid individuals for each of the reporting period fell within the following band:

	2019	2018
Nil to HK$1,000,000	**1**	2

During the years ended 31 March 2019 and 2018, no remuneration was paid by the Group to the Directors or any of the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

12. INCOME TAX CREDIT/(EXPENSE)

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

	2019 HK$'000	2018 HK$'000
Current – Hong Kong profits tax		
– tax for the year	**–**	(1,252)
– over provision in respect of prior years	**36**	13
Current – PRC Enterprise Income Tax ("**EIT**")		
– tax for the year	**–**	(1,758)
	36	(2,997)
Deferred tax		
– charge for the year *(note 19)*	**123**	–
Income tax credit/(expense)	**159**	(2,997)

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day.

Under the two-tiered profits tax rates regime, the first HK$2,000,000 of profits of the qualifying corporation will be taxed at 8.25%, and profits above HK$2,000,000 will be taxed at 16.5% of the estimated assessable profits for the year ended 31 March 2019.

For the year ended 31 March 2019, Hong Kong Profits Tax was calculated at 8.25% (2018: 16.5%) of the first HK$2,000,000 and 16.5% (2018: 16.5%) of the remaining estimated assessable profits.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof during the years ended 31 March 2019 and 2018.

12. INCOME TAX CREDIT/(EXPENSE) (CONTINUED)

In accordance with the Enterprise Income Tax Law of the PRC ("**EIT Law**"), EIT rates for domestic and foreign enterprises are unified at 25%.

As at 31 March 2018, the aggregate amount of temporary differences associated with the Group's PRC subsidiary's undistributed retained earnings, amounting to approximately HK$2,856,000 (equivalent to RMB2,447,000). No deferred tax liabilities have been recognised in respect of these differences because the Group is in a position to control the dividend policies of this subsidiary and it is probable that such differences will not be reversed in the foreseeable future.

Under the EIT Law, corporate withholding income tax is levied on the foreign investor for the dividends distributed out of the profits generated by the foreign investment enterprises. No withholding income tax was recognised during the year as there are no dividends distributed by the PRC subsidiary within the Group.

A reconciliation of income tax expense applicable to loss before tax at the statutory tax rate to income tax expense at the effective tax rate is as follows:

	2019 **HK$'000**	2018 HK$'000
Loss before tax	**(18,928)**	(1,267)
Tax at the applicable tax rate at 16.5% (2018: 16.5%)	**3,123**	209
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	**(975)**	(727)
Tax effect of non-taxable income	**497**	558
Tax effect of non-deductible expenses *(note(i))*	**(2,284)**	(2,938)
Over provision in respect of prior years	**36**	13
Tax concession	**60**	60
Tax effect of temporary difference not recognised	**183**	(574)
Tax loss not recognised	**(481)**	–
Utilisation of tax losses previously not recognised	**–**	402
Income tax credit/(expense)	**159**	(2,997)

Note (i): The amount comprised mainly listing expenses, certain disallowed production costs including depreciation and cost of sales and bank interests.

13. DIVIDEND

No dividend was declared and paid during the year ended 31 March 2019.

During the year ended 31 March 2018 and prior to the Listing Date, the Company had declared a special dividend of HK$16,000,000 to Joyful Cat, being the sole shareholder of the Company, in which Ms. Fung, the late chairlady, chief executive officer and executive director of the Company holds 100% of its beneficial interest.

14. LOSS PER SHARE

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

	2019	2018
Loss		
Loss attributable to the owners of the Company for the purposes of based and diluted loss per share (HK$'000)	**(18,769)**	(4,264)
Number of shares		
Weighted average number of ordinary shares for the purposes of diluted and based loss per share	**400,000,000**	318,082,192

For the year ended 31 March 2019, the calculation of basic loss per share is based on the loss attributable to the owners of the Company of HK$18,769,000 (2018: HK$4,264,000) and on the basis of the weighted average number of 400,000,000 (2018: 318,082,192) ordinary shares. For the year ended 31 March 2018, the basis of the weighted average number of 318,082,192 ordinary shares in issue upon the subsequent listing of the Company's shares on 26 January 2018.

Diluted loss per share is same as the basic loss per share as there are no dilutive potential ordinary shares in existence during the years ended 31 March 2019 and 2018.

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost:						
As at 1 April 2017	14,277	11,562	29,098	14,270	1,614	70,821
Additions	–	2,642	421	1,662	160	4,885
Disposal	–	–	–	(117)	(469)	(586)
Write-off	–	(2,187)	–	(159)	–	(2,346)
Exchange realignment	1,542	59	3,043	753	43	5,440
As at 31 March 2018 and 1 April 2018	**15,819**	**12,076**	**32,562**	**16,409**	**1,348**	**78,214**
Additions	**–**	**1,620**	**1,525**	**1,474**	**–**	**4,619**
Disposal	**–**	**–**	**(2,332)**	**(253)**	**–**	**(2,585)**
Write-off	**–**	**(398)**	**–**	**(76)**	**–**	**(474)**
Exchange realignment	**(1,043)**	**(47)**	**(2,069)**	**(513)**	**(30)**	**(3,702)**
As at 31 March 2019	**14,776**	**13,251**	**29,686**	**17,041**	**1,318**	**76,072**
Accumulated depreciation:						
As at 1 April 2017	12,848	7,529	22,200	12,829	1,239	56,645
Provided for the year	192	2,356	907	806	174	4,435
Disposal	–	–	–	(117)	(469)	(586)
Write-off	–	(1,763)	–	(159)	–	(1,922)
Exchange realignment	1,349	52	2,334	654	34	4,423
As at 31 March 2018 and 1 April 2018	**14,389**	**8,174**	**25,441**	**14,013**	**978**	**62,995**
Provided for the year	**–**	**1,904**	**736**	**857**	**153**	**3,650**
Disposal	**–**	**–**	**(1,857)**	**(253)**	**–**	**(2,110)**
Write-off	**–**	**(380)**	**–**	**(53)**	**–**	**(433)**
Exchange realignment	**(912)**	**(41)**	**(1,600)**	**(446)**	**(23)**	**(3,022)**
As at 31 March 2019	**13,477**	**9,657**	**22,720**	**14,118**	**1,108**	**61,080**
Net carrying amount:						
As at 31 March 2019	**1,299**	**3,594**	**6,966**	**2,923**	**210**	**14,992**
As at 31 March 2018	1,430	3,902	7,121	2,396	370	15,219

As at 31 March 2019 and 2018, a building in the PRC with net carrying amount of approximately HK$1,050,000 (equivalent to RMB900,766) and HK$1,124,000 (equivalent to RMB900,766) respectively, were pledged to bank for banking facilities granted to the Group (note 28). As at 31 March 2019, the carrying amount of the Group's motor vehicles and plant and machinery at the amounts of HK$ nil and HK$1,080,097 respectively (2018: HK$78,000 and HK$1,156,000 respectively) is in respect of asset acquired under finance lease (note 29).

16. LAND USE RIGHTS

	HK$'000
Cost:	
As at 1 April 2017	1,507
Exchange realignment	163
As at 31 March 2018 and 1 April 2018	**1,670**
Exchange realignment	**(110)**
As at 31 March 2019	**1,560**
Accumulated amortisation:	
As at 1 April 2017	608
Amortisation charge during the year	31
Exchange realignment	68
As at 31 March 2018 and 1 April 2018	**707**
Amortisation charge during the year	**31**
Exchange realignment	**(46)**
At 31 March 2019	**(692)**
Net carrying amount:	
As at 31 March 2019	**868**
As at 31 March 2018	963

As at 31 March 2019 and 2018, all land use rights are located in the PRC and were pledged to bank for banking facilities granted to the Group (note 28).

17. CLUB DEBENTURES

	2019 **HK$'000**	2018 HK$'000
Club debentures	**820**	820

As at 31 March 2019 and 2018, the club debentures are stated at cost less accumulated impairment losses, the Directors considered that there was no impairment of the club debentures since the market price less costs to sell were higher than its carrying value.

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS/AVAILABLE-FOR-SALE FINANCIAL ASSETS

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

Available-for-sale financial assets were reclassified to financial assets measured at FVTPL upon the initial application of HKFRS 9 at 1 April 2018 *(note 2.1(d)(i))*.

During the year ended 31 March 2019, HK$1,145,000 in respect of the gain from change in fair value of investment in life insurance was recognised as part of "other income, gains and losses". During the year ended 31 March 2018, HK$1,812,000 in respect of the loss from changes in fair value of available-for-sale financial assets was recognised in the other comprehensive income.

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

As at 31 March 2019 and 2018, the insurance premium was pledged to a bank to secure bank borrowing facility granted to the Group (note 28).

19. DEFERRED TAXATION

The following table is the analysis of the deferred tax balance for financial reporting purpose:

	2019 **HK$'000**	2018 HK$'000
Deferred tax assets	**1,068**	929

19. DEFERRED TAXATION (CONTINUED)

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

	Credit loss allowance HK$'000	Accelerated tax depreciation HK$'000	Total HK$'000
As at 1 April 2017 and 31 March 2018	–	929	929
Impact on initial application of HKFRS 9	16	–	16
As at 1 April 2018	**16**	**929**	**945**
Credited/(charged) to profit or loss	**146**	**(23)**	**123**
As at 31 March 2019	**162**	**906**	**1,068**

No deferred tax asset has been recognised in respect of the unused tax losses amounting to approximately HK$1,921,000 (equivalent to RMB1,643,000) (2018: HK$1,608,000 (equivalent to RMB1,377,000)) due to the unpredictability of future profit streams. The unused tax losses will expire in five years.

20. INVENTORIES

	2019 HK$'000	2018 HK$'000
Raw materials	**20,902**	20,870
Work in progress	**33,756**	20,503
Finished goods	**35,225**	24,514
	89,883	65,887

A write-down of inventories of approximately HK$1,273,000 was recognised during the year ended 31 March 2019 (2018: approximately HK$294,000).

21. TRADE RECEIVABLES

	31 March 2019 HK$'000	1 April 2018 HK$'000 *(note)*	31 March 2018 HK$'000
Trade receivables	**21,389**	33,546	33,643

Note: Upon the adoption of HKFRS 9, an opening adjustment as at 1 April 2018 was made to recognise ECLs on trade receivables *(note 2.1(d)(ii))*.

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

	31 March 2019 HK$'000	31 March 2018 HK$'000
Within 30 days	**9,739**	14,431
31 days to 120 days	**10,752**	19,120
121 days to 1 year	**217**	88
More than 1 year	**681**	4
	21,389	33,643

The Group generally allows a credit policy ranging from 30 to 90 days to its trade receivables. The following is an aged analysis of trade receivables which are past due but not impaired:

	31 March 2018 HK$'000
Not past due	31,159
Within 30 days	1,903
31 days to 120 days	575
121 days to 1 year	2
More than 1 year	4
	33,643

For the year ended 31 March 2019, the Group recognised impairment loss based on the accounting policy stated in note 2.1(d)(ii). The details of the Group's credit policy and credit risk arising from trade receivables are set out in note 40(ii).

22. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2019 HK$'000	2018 HK$'000
Non-current		
Rental and utilities deposits	**6,256**	5,694
Current		
Rental and utilities deposits	**1,308**	2,356
Prepayments *(note (i))*	**3,465**	2,194
Other receivables *(note (ii))*	**1,060**	491
	5,833	5,041

Note:

(i): The amounts mainly represented the prepayment of the key management insurance charges that is amortised to the consolidated statement of profit or loss based on the estimated years that the Group intends to hold such contract. The details of the financial assets at fair value through profit or loss are set out in note 18.

(ii): The directors of the Company consider that the fair value of other receivables which are expected to be recovered within one year are not materially different from their carrying amounts because this balance have short maturity period on their inception.

The Group recognise impairment loss based on the accounting policy stated in note 2.1(d). Further details on the Group's credit policy and credit risk arising from deposits paid and other receivables are set out in note 40(ii).

23. AMOUNT DUE TO A DIRECTOR

The amount was non-trade related, unsecured, interest-free and repayable on demand.

24. PLEDGED BANK DEPOSIT AND CASH AND BANK BALANCES

	2019 HK$'000	2018 HK$'000
Cash at banks	**7,344**	21,770
Cash in hand	**108**	77
Cash and bank balances	**7,452**	21,847

	2019 HK$'000	2018 HK$'000
Pledged bank deposit *(note)*	**15,000**	–

Note: As at 31 March 2019, pledged bank deposit for granted bank borrowings amounted to HK$15,000,000 (2018: Nil).

25. TRADE AND BILLS PAYABLES

	2019 HK$'000	2018 HK$'000
Trade payables	**14,294**	11,052
Bills payables	**15,306**	17,768
	29,600	28,820

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

	2019 HK$'000	2018 HK$'000
Within 30 days	**8,946**	8,067
31 days to 1 year	**5,348**	2,955
More than 1 year	**–**	30
	14,294	11,052

The Group's trade payables that are denominated in United States Dollars ("**USD**") and Renminbi ("**RMB**") and HK$, currency other than functional currency of the relevant group entities are set out below:

	2019 HK$'000	2018 HK$'000
Denominated in USD	**–**	12
Denominated in RMB	**3**	28

26. CONTRACT LIABILITIES

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

	31 March 2019 HK$'000	1 April 2018 HK$'000	31 March 2018 HK$'000
Contract liabilities arising from:			
Sale of goods	**124**	130	–

Upon the adoption of HKFRS 15, an opening adjustment as at 1 April 2018 was made on the advance payments received from customers in respect of the sale of goods *(note 2.1(e)(v))*.

The Group sells the gift certificates to the customers who redeems the gift certificates for goods offered at the retail stores. The gift certificates are non-refundable and valid for one year from the date of issue. No contract liabilities were recognised in the consolidated statement of financial position as at 1 April 2018 and 31 March 2019, as the amount of contract liabilities in respect of the prepaid gift certificates has no significant impact of the Group's revenue.

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

	HK$'000
Balance as at 1 April 2018	**130**
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the reporting period	**(130)**
Increase in contract liabilities as a result of billing in advance of sale of goods	**124**
Balance as at 31 March 2019	**124**

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

27. ACCCUALS AND OTHER PAYABLES

	2019 HK$'000	2018 HK$'000
Other payables	**272**	631
Accrued expenses *(note)*	**13,519**	11,452
	13,791	12,083

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

28. BANK BORROWINGS

	2019 HK$'000	2018 HK$'000
Secured bank loans repayable within one year:		
Revolving loans	**52,324**	45,479
Bills of exchange	**10,894**	3,766
Tax loans	**–**	914
Term loans	**974**	–
Bank overdraft	**5,368**	–
	69,560	50,159

Bank borrowings bear floating interest from 4.36% to 5.66% (2018: 3.25% to 5.66%) per annum. The effective interest rate ranging from 3.88% to 4.54% (2018: from 3.67% to 4.54%).

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

– the charge over the deposits for HK$15,000,000 or its equivalent in other foreign currencies as at 31 March 2019;

– the investment in life insurance policy (note 18) with an insured sum of not less than USD9,000,000 (equivalent to HK$69,750,000) and the beneficiary for the account of the subsidiaries of the Group in favour of the bank as at 31 March 2019 and 2018;

– a building (note 15) and land use rights (note 16) owned by a subsidiary as at 31 March 2019 and 2018; and

– corporate guarantees from the Company and the subsidiaries of the Company as at 31 March 2019 and 2018.

As at 31 March 2019, the unutilised banking facilities, including export loans, revolving loans and bank overdrafts amounted to approximately HK$13,800,000 (2018: HK$33,466,000), HK$2,500,000 (2018: HK$9,000,000) and HK$9,632,000 (2018: HK$15,000,000) respectively.

29. FINANCE LEASE LIABILITIES

(a) *Total minimum lease payments are as follows:*

	2019 HK$'000	2018 HK$'000
Due within one year	**71**	95
Due in the second to fifth years	**–**	71
	71	166
Future finance charges on finance lease	**(1)**	(7)
Present value of finance lease liabilities	**70**	159

(b) *The present value of finance lease liabilities is as follows:*

	2019 HK$'000	2018 HK$'000
Due within one year, included under current liabilities	**70**	89
Due in the second to fifth years, included under non-current liabilities	**–**	70
Present value of finance lease liabilities	**70**	159

The Group entered into certain finance lease for its motor vehicle (2018: finance lease for its motor vehicle) with remaining lease terms of 1 year (2018: 1 to 2 years). Interest rates under the lease is fixed at rates at 4.73% (2018: 4.73%) per annum. The lease do not have options to renew or any contingent rental provisions. Under the lease terms, the Group has the option to purchase the leased assets at a price that is expected to be sufficiently lower than the fair value of the leased asset at the end of the leases.

Finance lease liabilities are secured by the underlying assets where the lessor has the rights to revert in event of default. The carrying amounts of the finance lease liabilities are denominated in HK$ and approximate to their fair values.

30. SHARE OPTION SCHEME

The Company has adopted a new share option scheme (the "**Share Option Scheme**") on 28 December 2017.

A summary of the principal terms of the Share Option Scheme is as follows:

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

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

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

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

5. The Share Option Scheme must be approved by any of director, chief executive and substantial shareholders of the Company, the total number of share issued and upon exercise of the option and granted under any other share option scheme of the Group (including both exercised and outstanding options) shall not exceed 1% of the share of the Company in issue within 12 month period;

6. The period within which the option must be exercised will be specified by the Company at the time of grant. This period must expire no later than 10 years from the date of the offer date of the options; and

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

For the years ended 31 March 2019 and 2018, the Company had no share option being granted, outstanding, lapsed or cancelled pursuant to the Share Option Scheme.

31. SHARE CAPITAL

	Number of shares	Amount HK$'000
Authorised ordinary shares of HK$0.01 each:		
Upon incorporation *(note (a))*	38,000,000	380
Increase of authorised shares *(note (b))*	1,962,000,000	19,620
As at 31 March 2018, 1 April 2018 and 31 March 2019	2,000,000,000	20,000
Issued and fully paid ordinary shares of HK$0.01 each:		
Upon incorporation *(note (a))*	1	–
Allotment of shares *(note (c))*	100	–
Capitalisation issue of shares *(note (d))*	299,999,899	3,000
Issue of shares under share offer *(note (e))*	100,000,000	1,000
As at 31 March 2018, 1 April 2018 and 31 March 2019	400,000,000	4,000

Notes:

(a) The Company was incorporated in the Cayman Islands on 17 May 2017 with an authorised share capital of HK$380,000 divided into 38,000,000 ordinary shares with a par value of HK$0.01 each. On the same day, one subscriber share with a par value of HK$0.01 was allotted and issued as fully paid to the initial subscriber. On the same day, the said one share was transferred to Joyful Cat at par value of HK$0.01.

(b) On 28 December 2017, the authorised share capital of the Company was increased from HK$380,000 dividend into 38,000,000 shares to HK$20,000,000 divided into 2,000,000,000 shares of par value of HK$0.01 each by the creation of an additional of 1,962,000,000 shares.

(c) On 23 June 2017, Ms. Fung as vendor and the Company as purchaser entered into an agreement for sale and purchase, pursuant to which the Company acquired 1,000 shares in, representing the entire issued share capital of, Mansion Success Holdings Limited from Ms. Fung at the consideration of HK$1. Ms. Fung and the Company agreed to settle the consideration for the acquisition by the Company allotting and issuing 100 new shares, credited as fully paid, to Joyful Cat.

(d) Pursuant to the written resolutions passed on 28 December 2017, the Directors were authorised to capitalise the amount of HK$2,999,998.99 from the share premium account of the Company by applying such sum towards the paying up in full at par a total of 299,999,899 shares for the allotment of shares to Joyful Cat.

(e) Under a share offer took place on the Listing date, 100,000,000 new ordinary shares of HK$0.01 each were issued at a price of HK$0.70 per share for a total consideration (before share issuance expenses) of HK$70,000,000.

(f) Before the completion of the Reorganisation, the share capital balance in the consolidated statement of financial position as at 31 March 2018 represented the combined share capital of the entities now comprising the Group.

32. RESERVES

Details of the movements of the Group's reserves for the years ended 31 March 2019 and 2018 are presented in the consolidated statement of changes in equity. Movements of the Company's reserves are as follows:

The Company	**Share premium** HK$'000	**Accumulated losses** HK$'000	**Total** HK$'000
As at 1 April 2017	–	–	–
Profit for the year	–	8,210	8,210
Dividends recognised on distribution	–	(16,000)	(16,000)
Arising on reorgnaisation	8	–	8
Issue of shares under public offer and placing *(note 31(e))*	69,000	–	69,000
Capitalisation issue of shares *(note 31(d))*	(3,000)	–	(3,000)
Share issuance expenses	(8,985)	–	(8,985)
As at 31 March 2018	57,023	(7,790)	49,233
Loss for the year	**–**	**(42,983)**	**(42,983)**
As at 31 March 2019	**57,023**	**(50,773)**	**6,250**

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2019 HK$'000	2018 HK$'000
Non-current assets			
Investments in subsidiaries		**8**	8
Current assets			
Other receivables		**277**	448
Amounts due from subsidiaries		**10,425**	53,542
Cash and bank balances		**7**	25
		10,709	54,015
Current liabilities			
Other payables		**467**	790
Amounts due to subsidiaries *(note)*		**–**	–
		467	790
Net current assets		**10,242**	53,225
Total assets less current liabilities		**10,250**	53,233
Net assets		**10,250**	53,233
Equity			
Equity attributable to owners of the Company			
Share capital	*31*	**4,000**	4,000
Reserves	*32*	**6,250**	49,233
Total equity		**10,250**	53,233

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

On behalf of the Board of Directors

Ms. Luk Sau Kuen
Director

Mr. Cheung Desmond Lap Wai
Director

34. PARTICULARS OF SUBSIDIARIES

Details of the Company's subsidiaries as at 31 March 2019 are as follows:

Name	Place of incorporation/ establishment and kind of legal entity	Place of operation and principal activity	Issued ordinary share capital/registered capital	Percentage of equity attributable to the Company	
				2019	2018
Directly owned subsidiaries					
Mansion Success Holdings Limited	Incorporated in BVI, limited liability company	HK Investment holding	US$1,000	**100%**	100%
LFC Partners Limited	Incorporated in BVI, limited liability company	HK Investment holding	HK$1	**100%**	100%
Indirectly owned subsidiaries					
Mantex Supplies Company Limited	Incorporated in HK, limited liability company	HK Wholesale of children wear	HK$694,000	**100%**	100%
Martex International Limited	Incorporated in HK, limited liability company	HK Investment holding	HK$1,009,900	**100%**	100%
Babies Trendyland Limited	Incorporated in HK, limited liability company	HK Trading of children wear	HK$1,000,000	**100%**	100%
Mi'Des Associated Partners Limited	Incorporated in BVI, limited liability company	HK Inactive	US$2	**100%**	100%
Mei Li Hua Children Garment Company Limited * 中山美麗華兒童服裝製品有限公司	Incorporated in PRC, limited liability company	PRC Manufacturing of children wear	RMB15,082,206	**100%**	100%
Nanjing Youyue Trading Company Limited * 南京悠悅貿易有限公司	Incorporated in PRC, limited liability company	PRC Trading of children wear	RMB1	**100%**	N/A

* English translated name is for identification purpose only.

35. LEASES

Operating leases – lessee

Future minimum rental payable under non-cancellable operating lease of the Group in respect of buildings at the end of each reporting period is as follows:

	2019	2018
	HK$'000	HK$'000
Within one year	**16,876**	14,033
Within two to five years	**15,445**	12,648
	32,321	26,681

The Group leases properties under operating leases. Leases are negotiated for terms ranging from 1 year to 5 years for the years ended 31 March 2019 and 2018.

Contingent rents, generally determined based on a percentage of revenue of the related shops, of appropriately HK$19,465,000 and HK$21,980,000 for the Group have been recognised as an expense in the consolidated statement of profit or loss and other comprehensive income during the years ended 31 March 2019 and 2018 respectively.

36. RELATED PARTY TRANSACTIONS

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

(i) *Related party transactions*

	2019	2018
	HK$'000	HK$'000
Interest of a shareholder's loan	**–**	320
Rent paid to a related company *(note (a))*	**–**	1,440

Notes:

(a) The above transactions with a related company, Wiseley (Hong Kong) Limited were carried out in the ordinary course of business and conducted of prices mutually agreed between the relevant parties. Wiseley (Hong Kong) Limited is held as to 50% by Ms. Fung and Ms. Luk Sau Kuen respectively.

(b) During the year ended 31 March 2018, Ms. Fung had provided unlimited personal guarantee to banks to secure the banking facilities granted to the Group (note 28). As represented by the Directors, the personal guarantee has been released and replaced by a corporate guarantee on the Listing Date.

(ii) *Compensation of key management personnel*

The emoluments of executive directors who are also identified as members of key management of the Group during the year are set out in note 10.

37. NOTES SUPPORTING CASH FLOW STATEMENT

Major non-cash transaction:

During the year ended 31 March 2018, dividend was issued by the Company. The non-cash transaction amounted HK$5,132,000 has been settled through the current account with related companies, a director and a shareholder.

a) Cash and cash equivalents comprise:

	2019	2018
	HK$'000	HK$'000
Cash and cash equivalents comprise:		
Cash and bank balances	**7,452**	21,847

b) 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.

	Bank borrowings HK$'000	**Finance lease liabilities HK$'000**	**Amount due to a director HK$'000**	**Total HK$'000**
As at 1 April 2018	**50,159**	**159**	**–**	**50,318**
Changes from cash flows:				
Proceeds from bank borrowings	**97,642**	**–**	**–**	**97,642**
Repayment of bank borrowings	**(77,416)**	**–**	**–**	**(77,416)**
Borrowing costs paid	**(3,583)**	**–**	**–**	**(3,583)**
Capital element of finance lease rentals paid	**–**	**(89)**	**–**	**(89)**
Interest element of finance lease rentals paid	**–**	**(3)**	**–**	**(3)**
Advances from a director	**–**	**–**	**15,003**	**15,003**
	16,643	**(92)**	**15,003**	**31,554**
Exchange adjustments	**(825)**	**–**	**–**	**(825)**
Other changes:				
Interest expenses	**3,583**	**3**	**–**	**3,586**
As at 31 March 2019	**69,560**	**70**	**15,003**	**84,633**

37. NOTES SUPPORTING CASH FLOW STATEMENT (CONTINUED)

	Amount due from a director HK$'000	Loan from a shareholder HK$'000	Amount due to a related party HK$'000	Bank borrowings HK$'000	Finance lease liabilities HK$'000	Dividend payables HK$'000	Total HK$'000
As at 1 April 2017	(9,908)	10,000	1,548	36,095	373	–	38,108
Changes from cash flows:							
Proceeds from bank borrowings	–	–	–	131,877	–	–	131,877
Repayment of bank borrowings	–	–	–	(118,821)	–	–	(118,821)
Borrowing costs paid	–	(320)	–	(2,563)	–	–	(2,883)
Capital element of finance lease rentals paid	–	–	–	–	(218)	–	(218)
Interest element of finance lease rentals paid	–	–	–	–	(5)	–	(5)
Dividend paid	–	–	–	–	–	(10,304)	(10,304)
	–	(320)	–	10,493	(223)	(10,304)	(354)
Exchange adjustments	–	–	–	1,008	4	(564)	448
Non-cash transactions:							
Dividend declared	9,908	(10,000)	(1,548)	–	–	10,868	9,228
Other changes:							
Interest expenses	–	320	–	2,563	5	–	2,888
As at 31 March 2018	–	–	–	50,159	159	–	50,318

38. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

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

	2019 HK$'000	2018 HK$'000
Finance assets		
Financial assets at FVTPL	**29,650**	–
Available-for-sale financial assets	**–**	28,505
Loans and receivables:		
Trade receivables	**21,389**	33,643
Deposits and other receivables	**8,624**	8,541
Cash and bank balances	**7,452**	21,847
	37,465	64,031
	67,115	92,536

	2019 HK$'000	2018 HK$'000
Finance liabilities		
Measured at amortised cost:		
Trade and bills payables	**29,600**	28,820
Accruals and other payables	**13,791**	12,083
Amount due to a director	**15,003**	–
Bank borrowings	**69,560**	50,159
Finance lease liabilities	**70**	159
	128,024	91,221

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

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

Level 1: Fair value measured using only Level 1 inputs, i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;

Level 2: Fair value measured based on valuation techniques using Level 2 inputs, i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs; or

Level 3: Fair value measured based on valuation techniques using significant unobservable inputs (i.e. not derived from market data).

Assets measured at fair value

As at 31 March 2019

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

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Assets measured at fair value (Continued)

As at 31 March 2018

	Fair value measurement using			
	Quoted price in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Recurring fair value measurement for:				
Available-for-sale financial assets	–	28,505	–	28,505

From 1 April 2018, the investment in life insurance policy was classified and measured at financial assets at FVTPL under HKFRS 9 (note 2.1(d)). The fair value of the investment in a life insurance policy is determined by the insurance company with reference to the Surrender Value.

For the years ended 31 March 2019 and 2018, there were no transfers of fair value measurements between level 1 and Level 2 and no transfers into or out of Level 3.

40. FINANCIAL RISK MANAGEMENT

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

(i) Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk mainly arises on bank borrowings (note 28) which bore floating interests. The Group has not used any derivative contracts to hedge its exposure to interest rate risk. The Group has not formulated a policy to manage the interest rate risk.

Sensitivity analysis

If the interest rates had been increased by 100 basis points at the beginning of the year and all other variables were held constant, the Group's loss after tax and retained earnings would decrease by approximately HK$276,000 and HK$361,000 for the years ended 31 March 2019 and 2018 respectively. The assumed changes have no impact on the Group's and other components of equity.

The same percentage decrease in the interest rate would have the same magnitude on the Group's loss after tax and retained earnings as shown above but of opposite effect, on the basis that all variables remain constant.

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Interest rate risk (Continued)

Sensitivity analysis (Continued)

The assumed changes in interest rates are considered to be reasonably possible based on observation of current market conditions and represents management's assessment of a reasonably possible change in interest rate over the next twelve month period.

The sensitivity analysis included in the consolidated financial statements for the years ended 31 March 2019 and 2018 have been prepared on the same basis.

(ii) Credit risk

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 cash and bank balances, pledged bank deposit, trade receivables, deposits paid 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 an established and ongoing relationship.

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

Exposure to credit risk

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

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. At the end of reporting period, the Group has a certain concentration of credit risk as 29.6% (2018: 24.4%) and 78.8% (2018: 61.8%) of the trade receivables was due from the Group's largest customer and the five largest customers respectively with the OBM and OEM businesses.

Trade receivables

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. 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.

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Credit risk (Continued)

Trade receivables (Continued)

The following table provides information about the Group's exposure the credit risk and ECLs for trade receivables as at 31 March 2019:

		Gross carrying amount HK$'000	ECLs HK$'000	Net carrying amount HK$'000
Not past due	0.07%	18,373	(14)	18,359
Less than 30 days past due	1.49%	1,998	(31)	1,967
31 – 120 days past due	7.43%	232	(16)	216
121 days – 1 year past due	51.98%	1,711	(887)	824
More than 1 year past due	57.97%	54	(31)	23
Total		22,368	(979)	21,389

Expected loss rates are based on actual loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

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

For the year ended 31 March 2018, the trade receivables were past due but the Group has not provided for impairment loss. These relate to a number of customers and based on historical information, default risk of these trade receivables is insignificant. Accordingly, no impairment provision is necessary in respect of these receivables as at 31 March 2018.

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

	HK$'000
As at 1 April 2017 and 31 March 2018 under HKAS 39	–
As at 1 April 2018 under HKFRS 9	97
ECLs recognised during the year	882
As at 31 March 2019	979

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Credit risk (Continued)

Deposits and other receivables

The Group determines ECLs for deposits paid and other receivables based on 12-month ECLs 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 ECLs for these deposits paid and receivables were immaterial under the 12-month ECLs method and no loss allowance was recognised during the year.

Cash at bank and pledged bank deposit

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

(iii) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The Group maintains its own treasury function to monitor the current and expected liquidity requirements and aims to maintain flexibility by keeping sufficient cash and bank balances generated from operations.

The following tables show the remaining contractual maturities at the end of reporting period of the Group's financial liabilities, based on undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the reporting date) and the earliest date the Group can be required to pay.

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000
As at 31 March 2019				
Non-derivatives:				
Trade and bills payables	**29,600**	**29,600**	**29,600**	**–**
Accruals and other payables	**13,791**	**13,791**	**13,791**	**–**
Amount due to a director	**15,003**	**15,003**	**15,003**	**–**
Bank borrowings	**69,500**	**70,875**	**70,875**	**–**
Finance lease liabilities	**70**	**71**	**71**	**–**
	127,964	**129,340**	**129,340**	**–**

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) Liquidity risk (Continued)

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000
As at 31 March 2018				
Non-derivatives:				
Trade and bills payables	28,820	28,820	28,820	–
Accruals and other payables	12,083	12,083	12,083	–
Bank borrowings	50,159	51,139	51,139	–
Finance lease liabilities	159	166	95	71
	91,221	92,208	92,137	71

(iv) Foreign currency risk

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

As at 31 March 2019 and 2018, if RMB had strengthened/weakened by 5% against HK$ with all other variable held constant, loss for the years ended 31 March 2019 and 2018 would have been approximately HK$1,682,000 and HK$892,000 respectively, lower/higher, mainly as a result of foreign exchange losses/gains on translation of RMB denominated cash and bank balances, deposits, prepayments and other receivables, trade and bills payables and accruals and other payables.

41. CAPITAL RISK MANAGEMENT

The Group's objective of managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

The capital structure of the Group consists of equity attributable of owners of the Company only, comprising share capital and reserves.

The capital structure of the Group consists of debts, which includes amount due to a director, bank borrowings, finance lease liabilities and equity attributable to owners of the Company. The Group's management regularly reviews the capital structure. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

41. CAPITAL RISK MANAGEMENT (CONTINUED)

The debt to equity ratios of the Group at the end of each of the reporting periods are as follows:

	2019	2018
	HK$'000	HK$'000
Amount due to a director	**15,003**	–
Bank borrowings	**69,560**	50,159
Finance lease liabilities	**70**	159
	84,633	50,318
Less: Cash and bank balances	**(7,452)**	(21,847)
Net debt	**77,181**	28,471
Equity attributable to owners of the Company	**64,980**	86,076
Debt to equity ratio	**118.8%**	33.1%

42. CONTINGENT LIABILITIES

At the end of reporting period, the Group did not have any significant contingent liabilities (2018: Nil).

43. APPROVAL OF FINANCIAL STATEMENTS

The consolidation financial statements for the year ended 31 March 2019 were approved by the Board of Directors on 21 June 2019.

FINANCIAL SUMMARY

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

CONSOLIDATED RESULTS

	Year ended 31 March			
	2019	2018	2017	2016
	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**230,825**	265,768	335,810	409,765
(Loss)/profit before tax	**(18,928)**	(1,267)	12,244	15,907
Listing expenses	**–**	15,280	2,129	–
Adjusted (loss)/profit before tax (excluding listing expenses)	**(18,928)**	14,013	14,373	15,907
Income tax credit/(expense)	**159**	(2,997)	(1,975)	(4,736)
Net (loss)/profit for the year (excluding listing expenses)	**(18,769)**	11,016	12,398	11,171
Net (loss)/profit from ordinary activities for the year	**(18,769)**	(4,264)	10,269	11,171

CONSOLIDATED ASSETS AND LIABILITIES

	As at 31 March			
	2019	2018	2017	2016
	HK$'000	HK$'000	HK$'000	HK$'000
Non-current assets	**53,654**	52,130	21,966	22,678
Current assets	**140,160**	126,418	124,027	139,670
Current liabilities	**(128,148)**	(91,590)	(100,240)	(124,262)
Net current assets	**12,012**	34,828	23,787	15,408
Non-current liabilities	**(686)**	(882)	(1,457)	(1,678)
Net assets	**64,980**	86,076	44,296	36,408