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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)

SUPPLEMENTAL ANNOUNCEMENT
IN RELATION TO
THE ANNUAL RESULTS OF THE COMPANY
FOR THE YEAR ENDED 31 MARCH 2020

References are made to the annual results announcement and annual report of Mansion International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) for the year ended 31 March 2020 published by the Company on 26 June 2020 and 30 June 2020 respectively (collectively, the “**2020 Annual Report**”). Capitalised terms used herein shall have the same meanings as those defined in the 2020 Annual Report unless otherwise specified.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company would like to provide the Shareholders and potential investors of the Company with additional information in relation to the 2020 Annual Report.

THE DISCLAIMER OF OPINION

In the 2020 Annual Report, the auditor of the Company (the “**Auditor**”) expressed a disclaimer of opinion to the Company’s consolidated financial statements for the year ended 31 March 2020 in relation to uncertainties relating to going concern (the “**Disclaimer of Opinion**”).

Based on the 2020 Annual Report, the Group sustained a loss of approximately HK\$60,348,000 for the year ended 31 March 2020. In addition, the operations of the Group in respect of the OEM business has been deteriorating over the past few years due to various unexpected events, including the withdrawal of the United Kingdom from the European Union (aka Brexit), the closure of a major customer of the Group in United States in 2018 and US-China trade war that emerged in 2018. In January 2020, the COVID-19 pandemic has further hit the operations of the Group's OEM business unexpectedly and significantly affected the OBM business which is operated through self-operated retail stores and in department store counters in Hong Kong under the Group's own brand "Mides". These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern, and therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

MEASURES TAKEN OR WILL BE TAKEN TO ADDRESS THE DISCLAIMER OF OPINION

As disclosed in the 2020 Annual Report, the Company has implemented/will implement some plans and measures to improve the Group's working capital and financial position, including but not limited to the followings (the "Measures"):

(a) Development plans for the OEM business and OBM business

The Company owns different brands that sell baby and children garments mainly in Hong Kong. Under the economic situation nowadays, the Company is currently reallocating resources on different sales points in Hong Kong to maximise its return.

In addition, the Company is developing different online sales channel for the products of its own brands in Hong Kong. Because of COVID-19 pandemic, people are less willing to shop in physical stores and online shopping is becoming a trend nowadays. The Company decided to increase its sales channel through internet. The Company developed its own website for direct sale, and the online sales platform on HKTVmall operating by Hong Kong Television Network Limited (stock code: 1137) has been launched. The Company will further discover other suitable online platforms for online sales abroad and in the PRC to broaden its customer base in order to increase its sales and revenue.

Other than Hong Kong, UK and US, being the Company's major markets for the OEM business, the Company is actively seeking opportunities to expand its OEM business in other countries.

(b) Cost tightening and control measures

References are made to the announcements of the Company dated 29 May 2020 and 11 June 2020 in relation to, among other things, disposal of a factory of the Company in Zhongshan, PRC (the "Factory") (the "Disposal"). Upon completion of the Disposal, the Group will outsource some production to different sub-contractors to reduce fixed costs of the Group.

The Company intends to review the working procedures and lay off redundant staff of the Factory and the Group. Redundant staff in the Factory will be/have been laid off to reduce the production cost. The Company will replace its workforce and ensure the productivity by diversifying different production procedures to more sub-contractors.

Also, the Company is reallocating its resources in the Hong Kong office. As disclosed in the 2020 Annual Report, the Directors agreed to reduce their salaries for reducing the administrative expenses of the Group. Human resources of the Hong Kong office have been/will be re-deployed and area of office will also be reduced to concur with the decrease number of staff.

(c) Fund raising plan

Reference is made to the announcement of the Company dated 7 August 2020 in relation to placing of new shares under specific mandate (the “**Placing**”). The placing agent of the Placing shall use its best endeavours to procure not less than six placee(s) to subscribe for up to 460,000,000 new shares of the Company at a price of HK\$0.08 per share. The maximum gross proceeds from the Placing will be HK\$36,800,000, and the net proceeds from the Placing are estimated to be approximately HK\$35,200,000. Such net proceeds are intended to be used as to (i) approximately HK\$17,000,000 will be used for general working capital of the Group; and (ii) approximately HK\$18,200,000 will be used for repayment of outstanding liabilities of the Group, among which approximately HK\$10.2 million for trade payables and approximately HK\$8 million for overhead expenses.

THE VIEW OF MANAGEMENT AND AUDIT COMMITTEE

In view of the financial performance of the Group as well as the negative financial effect towards the Group from Brexit, US-China trade war and the COVID-19 pandemic, the audit committee of the Company (the “**Audit Committee**”) understands the Disclaimer of Opinion raised by the Auditor and has discussed it with the management of the Company (the “**Management**”) and the Auditor. The Audit Committee shared the same view with the Management that the Group is able to operate as a going concern as the financial of the Group is just temporarily affected by the political factors and the pandemic. It is expected that the purchasing power will resume and even boost globally after the pandemic. In addition to the implementation of the Measures, the Group is able to have sufficient working capital in the next twelve months from 31 March 2020.

If the Measures are implemented properly and with positive economic atmosphere, the Management and the Audit Committee believe that the Disclaimer of Opinion can be addressed in the coming financial year.

By order of the Board
Mansion International Holdings Limited
Cheung Desmond Lap Wai
*Chairman, Executive Director and
Acting Chief Executive Officer*

Hong Kong, 27 August 2020

As at the date of this announcement, the executive Directors are Mr. Cheung Desmond Lap Wai (chairman and acting chief executive officer), Mr. Kwan Kar Man, and the independent non-executive Directors are Mr. Cho Chi Kong, Mr. Choi Wing San Wilson and Mr. Tan Yik Chung Wilson.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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 announcement 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 announcement misleading.

This announcement will remain on the “Latest Listed Company Information” page of the GEM website at www.hkgem.com for at least 7 days from the date of its publication. This announcement will also be published and will remain on the Company’s website at www.mansionintl.com.