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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)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 DECEMBER 2018

The board of directors of Mansion International Holdings Limited (the “**Company**” and the “**Directors**”, respectively) announces the unaudited condensed consolidated financial results of the Company and its subsidiaries for the nine months ended 31 December 2018. This announcement, containing the full text of the 2018/2019 third quarterly report of the Company, 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 third quarterly results. The printed version of the Company’s 2018/19 third quarterly 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, 29 January 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; the non-executive Director is Mr. Char Yat Shan Jonathan; and the independent non-executive Directors are Mr. Choi Wing San Wilson, Mr. Cheung Ping Kwan Timothy and Mr. Leung Wai Yin.

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 Company Announcements” 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 on the Company’s website at www.mansionintl.com.

THIRD QUARTERLY REPORT 2018/19

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



CONTENTS

Corporate Information	2
Financial Highlights	3
Unaudited Condensed Consolidated Statement of Comprehensive Income	4
Unaudited Condensed Consolidated Statement of Changes in Equity	5
Notes to the Unaudited Financial Information	6
Management Discussion and Analysis	12
Corporate Governance and Other Information	14

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ms. Fung Sau Ying (*Deceased on 4 November 2018*)
(*Chairlady and Chief Executive Officer*)

Ms. Luk Sau Kuen (*Chairlady*)
(*Re-designated from Non-executive Director to Executive Director and appointed as Chairlady both with effect from 7 November 2018*)

Mr. Cheung Desmond Lap Wai
(*Acting Chief Executive Officer and Chief Operating Officer*)
(*Appointed as Acting Chief Executive Officer with effect from 7 November 2018*)

Ms. Ho Lai Ying

Non-executive Director

Mr. Char Yat Shan Jonathan
(*Appointed with effect from 5 September 2018*)

Independent Non-executive Directors

Mr. Cheung Ping Kwan Timothy

Mr. Choi Wing San Wilson

Mr. Leung Wai Yin

BOARD COMMITTEES

Audit Committee

Mr. Leung Wai Yin (*Chairman*)

Ms. Luk Sau Kuen (*Resigned with effect from 7 November 2018*)

Mr. Char Yat Shan Jonathan (*Appointed with effect from 7 November 2018*)

Mr. Cheung Ping Kwan Timothy

Remuneration Committee

Mr. Choi Wing San Wilson (*Chairman*)

Ms. Luk Sau Kuen (*Resigned with effect from 7 November 2018*)

Mr. Char Yat Shan Jonathan (*Appointed with effect from 7 November 2018*)

Mr. Leung Wai Yin

Nomination Committee

Ms. Fung Sau Ying (*Chairlady*)
(*Deceased on 4 November 2018*)

Mr. Cheung Ping Kwan Timothy (*Chairman*)
(*Appointed as Chairman with effect from 7 November 2018*)

Mr. Cheung Desmond Lap Wai

Mr. Choi Wing San Wilson

Mr. Leung Wai Yin

Compliance Officer

Mr. Cheung Desmond Lap Wai

COMPANY SECRETARY

Mr. Cho Yee Chun (*Resigned with effect from 26 May 2018*)

Mr. Kwok Siu Man (*Appointed with effect from 26 May 2018*)

AUTHORISED REPRESENTATIVES

Mr. Cheung Desmond Lap Wai

Mr. Cho Yee Chun (*Resigned with effect from 26 May 2018*)

Mr. Kwok Siu Man (*Appointed with effect from 26 May 2018*)

COMPLIANCE ADVISER

Alliance Capital Partners Limited

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited

Level 22, Hopewell Centre,
183 Queen's Road East,
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

BOARD LOT

4,000 shares

FINANCIAL HIGHLIGHTS

Based on the unaudited condensed consolidated results of the Group for the Period,

- the Group's revenue for the Period was approximately HK\$184.7 million, representing a decrease of approximately 12.5% as compared to approximately HK\$211.1 million for the corresponding period in 2017.
- the Group's gross profit for the Period was approximately HK\$76.9 million, representing a decrease of approximately 16.5% as compared to approximately HK\$92.1 million for the corresponding period in 2017. The gross profit margin for the Period was approximately 41.7%, representing a slight decrease of approximately 1.9% as compared to approximately 43.6% for the corresponding period in 2017.
- the Group made a net loss of approximately HK\$8.2 million for the Period, as compared to a net profit of approximately HK\$0.6 million for the corresponding period in 2017.

The Board has resolved not to declare the payment of any dividend for the Period. During the nine months ended 31 December 2017 and prior to the Listing, the Company had declared a special dividend of HK\$16,000,000 to Joyful Cat, being the then sole shareholder of the Company, in which Ms. Fung Sau Ying, the late chairlady, chief executive officer and executive Director, held 100% of her beneficial interest, prior to the Listing.

The board of Directors (the “**Board**”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the nine months ended 31 December 2018 (the “**Period**”), together with the comparative figures for the corresponding period in 2017, as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three and nine months ended 31 December 2018

	Notes	For the three months ended		For the nine months ended	
		31 December 2018	31 December 2017	31 December 2018	31 December 2017
		HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Revenue	3	75,837	70,142	184,685	211,113
Cost of sales		(44,212)	(37,170)	(107,750)	(118,988)
Gross profit		31,625	32,972	76,935	92,125
Other income	4	300	303	1,602	598
Selling and distribution costs		(9,359)	(11,236)	(26,481)	(30,052)
Administrative and other expenses		(19,976)	(14,776)	(57,495)	(50,044)
Listing expenses		—	(400)	—	(8,323)
Finance costs	5	(903)	(819)	(2,593)	(2,097)
Profit/(loss) before tax	6	1,687	6,044	(8,032)	2,207
Income tax expenses	8	(355)	(15)	(182)	(1,582)
Profit/(loss) for the period		1,332	6,029	(8,214)	625
Other comprehensive income for the period that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of financial statements of foreign operations		128	11	(2,892)	1,224
Total comprehensive income/(loss) for the period attributable to owners of the Company		1,460	6,040	(11,106)	1,849
Earnings/(loss) per share (HK cents):					
Basic and diluted	9	0.33	2.01	(2.05)	0.21

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2018

	Share capital	Share premium	Capital reserve	Statutory reserve	Other reserve	Exchange reserve	Available- for-sale revaluation reserve	Fair value through other comprehensive income reserve	Retained profits	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 31 March 2017										
(Audited)	8	—	5,987	288	—	1,013	—	—	37,000	44,296
Arising on reorganisation	(8)	—	—	—	8	—	—	—	—	—
Transactions with owners	—	—	5,987	288	8	1,013	—	—	37,000	44,296
Profit for the period	—	—	—	—	—	—	—	—	625	625
Other comprehensive income										
Dividends recognised on distribution (Note 7)	—	—	—	—	—	—	—	—	(16,000)	(16,000)
Exchange differences on translation of financial statements of foreign operations	—	—	—	—	—	1,224	—	—	—	1,224
Total comprehensive income for the period	—	—	—	—	—	1,224	—	—	(15,375)	(14,151)
Balance at 31 December 2017										
(Unaudited)	—	—	5,987	288	8	2,237	—	—	21,625	30,145
Balance at 31 March 2018										
(Audited)	4,000	57,015	5,987	288	8	3,854	(1,812)	—	16,736	86,076
Initial application of HKFRS 9	—	—	—	—	—	—	1,812	(1,812)	—	—
Loss for the period	—	—	—	—	—	—	—	—	(8,214)	(8,214)
Other comprehensive income										
Exchange differences on translation of financial statements of foreign operations	—	—	—	—	—	(2,892)	—	—	—	(2,892)
Total comprehensive income for the period	—	—	—	—	—	(2,892)	—	—	(8,214)	(11,106)
Balance at 31 December 2018										
(Unaudited)	4,000	57,015	5,987	288	8	962	—	(1,812)	8,522	74,970

NOTES TO THE UNAUDITED FINANCIAL INFORMATION

1. CORPORATE INFORMATION

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

The Company is an investment holding company and its subsidiaries are principally engaged in the sale of baby and children garments.

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

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements for the nine months ended 31 December 2018 (the “**Unaudited Condensed Consolidated Financial Statements**”) have been prepared in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, the Hong Kong Accounting Standards (“**HKASs**”) and Interpretations (hereinafter collectively referred to as the “**HKFRSs**”) and the provisions of the Hong Kong Companies Ordinance which concern the preparation of financial statements. In addition, the Unaudited Condensed Consolidated Financial Statements include applicable disclosures required by the GEM Listing Rules.

The Unaudited Condensed Consolidated Financial Statements have been prepared under the historical cost convention. They are presented in Hong Kong Dollars (“**HKS**”), which is the same as the functional currency of the Company, and all values are rounded to the nearest thousands (“**000**”), except when otherwise indicated.

The Unaudited Condensed Consolidated Financial Statements have not been audited by the Company’s independent auditor but have been reviewed by the audit committee of the Board (the “**Audit Committee**”) and were approved for issue by the Board on 29 January 2019.

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)-Interpretation 23	Uncertainty over Income Tax Treatments ¹
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKAS 23, Borrowing Costs ¹
Amendments to HKFRS 9	Prepayment Features with Negative Compensation ¹
Amendments to HKFRS 19	Employee Benefits ¹
Amendments to HKFRS 3	Business Combinations ¹
Amendments to HKAS 12	Income Taxes ¹

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

NOTES TO THE UNAUDITED FINANCIAL INFORMATION

3. REVENUE AND SEGMENT INFORMATION

Business segments

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

Segment results represents the profit/(loss) before taxation earned by each segment and excluding unallocated other income and unallocated expenses. Unallocated expenses mainly included staff cost, listing expenses and finance costs. This is the measure reported to the executive Directors for the purpose of allocation of resources and assessment of segment performance.

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

Three months ended 31 December 2018 (unaudited)	Original Brand Manufacturing ("OBM")	Original Equipment Manufacturing ("OEM")	Total
	HK\$'000	HK\$'000	HK\$'000
Reportable segment revenue	21,659	54,178	75,837
Reportable segment results	5,120	6,467	11,587
Unallocated expenses			(9,900)
Profit before tax			1,687

Three months ended 31 December 2017 (unaudited)	OBM	OEM	Total
	HK\$'000	HK\$'000	HK\$'000
Reportable segment revenue	25,037	45,105	70,142
Reportable segment results	6,476	3,925	10,401
Unallocated expenses			(4,357)
Profit before tax			6,044

NOTES TO THE UNAUDITED FINANCIAL INFORMATION

Nine months ended 31 December 2018 (unaudited)	OBM	OEM	Total
	HK\$'000	HK\$'000	HK\$'000
Reportable segment revenue	50,172	134,513	184,685
Reportable segment results	4,478	15,430	19,908
Unallocated expenses			(27,940)
Loss before tax			(8,032)

Nine months ended 31 December 2017 (unaudited)	OBM	OEM	Total
	HK\$'000	HK\$'000	HK\$'000
Reportable segment revenue	57,890	153,223	211,113
Reportable segment results	8,672	18,652	27,324
Unallocated expenses			(25,117)
Profit before tax			2,207

4. OTHER INCOME

	For the three months ended		For the nine months ended	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Bank interest income	300	2	894	5
Sundry income	—	301	110	593
Exchange gain	—	—	598	—
	300	303	1,602	598

NOTES TO THE UNAUDITED FINANCIAL INFORMATION

5. FINANCE COSTS

	For the three months ended		For the nine months ended	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Interest on bank borrowings	902	715	2,590	1,790
Interest on shareholder's loan	—	103	—	303
Interest on finance lease	1	1	3	4
	<u>903</u>	<u>819</u>	<u>2,593</u>	<u>2,097</u>

6. PROFIT/(LOSS) BEFORE TAX

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

	For the three months ended		For the nine months ended	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Directors' remuneration	1,507	1,743	5,548	5,309
Employee benefits expenses (excluding the Directors' remuneration):				
Salaries, allowances and other benefits	12,496	9,692	35,899	31,706
Pension scheme contributions	442	461	1,307	1,402
Total staff costs	<u>14,445</u>	<u>11,896</u>	<u>42,754</u>	<u>38,417</u>
Auditor's remuneration	—	59	166	440
Depreciation of property, plant and equipment	776	830	2,502	2,402
Write-off of property, plant and equipment	—	—	41	—
Amortisation of land use rights	7	16	23	21
Cost of inventories sold	44,212	37,170	107,750	118,988
Gain on disposal of property, plant and equipment	—	—	—	(100)
Listing expenses	—	400	—	8,323
Minimum lease payments under operating leases recognised as an expense	<u>7,131</u>	<u>8,043</u>	<u>20,639</u>	<u>21,633</u>

NOTES TO THE UNAUDITED FINANCIAL INFORMATION

7. DIVIDENDS

The Board has resolved not to declare the payment of dividend for the Period. During the nine months ended 31 December 2017 and prior to the Listing, the Company had declared a special dividend of HK\$16,000,000 to Joyful Cat, being the then sole shareholder of the Company, in which Ms. Fung Sau Ying, the late chairlady, chief executive officer and executive Director, held 100% of her beneficial interest, prior to the Listing.

8. INCOME TAX EXPENSES

	For the three months ended		For the nine months ended	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Current tax				
– tax for the periods	12	1,021	237	2,283
– under/(over) provision in respect of prior periods	343	(1,006)	(55)	(701)
Income tax expenses	355	15	182	1,582

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the periods ended 31 December 2018 and 2017. 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 periods ended 31 December 2018 and 2017.

In accordance with the China enterprise income tax law, enterprise income tax rates for domestic and foreign enterprises are unified at 25%.

NOTES TO THE UNAUDITED FINANCIAL INFORMATION

9. EARNINGS/(LOSS) PER SHARE

The calculation of the basic and diluted earnings/(loss) per share attributable to the ordinary equity holders of the Company is based on the following data:

	For the three months ended		For the nine months ended	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<u>Earnings/(Loss)</u>				
Earnings/(Loss) for the purposes of diluted earnings/(loss) per share (HK\$'000)	<u>1,332</u>	<u>6,029</u>	<u>(8,214)</u>	<u>625</u>
<u>Number of Shares</u>				
Weighted average number of ordinary shares for the purposes of diluted earnings/(loss) per share ('000)	<u>400,000</u>	<u>300,000</u>	<u>400,000</u>	<u>300,000</u>

For the nine months ended 31 December 2018, the calculation of basic loss per share is based on the loss attributable to the owners of the Company of HK\$8,214,000 and on the basis of 400,000,000 ordinary shares in issue since the Listing on the Listing Date.

For the nine months ended 31 December 2017, the calculation of the basic earnings per share is based on the profit for the period attributable to owners of the Company of HK\$625,000 and on the basis of 300,000,000 shares of the Company in issue, which represented the number of shares of the Company immediately after the reorganisation (the "**Reorganisation**") and the capitalisation issue in preparation for the Listing as if these shares issued under the Reorganisation had been issued on 1 April 2016 but excluding any shares issued pursuant to the Share Offer (as defined in the prospectus of the Company dated 12 January 2018 (the "**Prospectus**")).

Diluted loss per share is the same as the basic loss per share as there are no dilutive potential ordinary shares in existence during the nine months ended 31 December 2018 and 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group had experienced a turning point during the three months ended 31 December 2018 of the financial year 2018/2019 as the results for the three months ended 31 December 2018 has returned to profit from the losses in the first half year. As disclosed in the interim report 2018/2019 dated 6 November 2018, the management has taken steps to enhance sales and marketing efforts. The efforts of our Sales Team of the OEM business have proven to be effective as the revenue of OEM business for the three months ended 31 December 2018 increased to approximately HK\$54.2 million as compared to the same period of last year, which was approximately HK\$45.1 million, representing an increase of approximately 20.1%. The Board and the Sales Team will carry on with these efforts and further develop the business relationship, which can further facilitate the consolidation of these efforts in the coming financial year when the orders from the new customers become more stable. The management shall continue to diversify our customer base for stabilizing our OEM revenue to mitigate the impact of the global economic environment as discussed in the interim and first quarter reports.

The revenue of our OBM business decreased to approximately HK\$21.7 million for the three months ended 31 December 2018 as compared to approximately HK\$25.0 million of the same period of last year, representing a decrease of approximately 13.5%. The decrease was mainly due to a relatively warmer autumn/winter Hong Kong is currently experiencing, resulting from the global warming effect in winter which seriously affected the buying intention of our OBM customers. Besides, the poor performance in the global stock market and the devaluation of Renminbi also affected the sentiment on the overall economic development, thereby dragging down the general retail consumption as a whole.

For the business development of OBM business in the People's Republic of China (the "PRC") market, the strategic cooperation agreement with Kidswant Children Products Company Limited* (孩子王兒童用品股份有限公司) ("Kidswant") entered into by one of our subsidiaries enabled the Group to have opened 8 retail shops through Kidswant's retail channels in the PRC during the three months ended 31 December 2018 of year 2018/2019. Although the income generated from these sales shops has not yet been substantial, but it will continue to grow as a total of about 30 sales shops in the PRC retail chain are to be opened in the coming year as assured by the Kidswant management in the meeting, subsequent to the China Maternal and Child Industry Leaders Summit held on 18 December 2018, where fellow industry players have shared vision and development plan of the industry.

FINANCIAL REVIEW

Cost of Sales, Gross Profit and Gross Profit Margin

The cost of sales of our Group amounted to approximately HK\$107.8 million for the nine months ended 31 December 2018 (2017: approximately HK\$119.0 million), representing a decrease of approximately HK\$11.2 million or 9.4% compared to the corresponding period in 2017. The decrease was due to the decrease of production costs attributable to the decrease in quantity of products sold. Our gross profit for the same period amounted to approximately HK\$76.9 million (2017: approximately HK\$92.1 million), representing a decrease of approximately HK\$15.2 million or 16.5%, resulting from the decrease in our revenue as compared to the corresponding period in 2017.

The gross profit margin of our Group was approximately 41.7% for the nine months ended 31 December 2018 (2017: approximately 43.6%), representing a slight decrease of approximately 1.9% as compared to the corresponding period in 2017.

Expenses

The selling and distribution costs of our Group for the nine months ended 31 December 2018 amounted to approximately HK\$26.5 million (2017: approximately HK\$30.1 million), representing a decrease of approximately 11.9% or HK\$3.6 million compared to the corresponding period in 2017. The decrease was consequential to the decrease in revenue. The administrative and other expenses of our Group amounted to approximately HK\$57.5 million (2017: approximately HK\$50.0 million), representing an increase of approximately 14.9% or HK\$7.5 million compared to the corresponding period in 2017. The increase was mainly attributable to the increase in professional services expenses after the Listing.

* For identification purpose only

(Loss)/profit before income tax expenses

Excluding the Listing expenses of approximately HK\$8.3 million for the nine months ended 31 December 2017 (2018: Nil), our Group made a profit before income tax expenses of approximately HK\$10.5 million for the nine months ended 31 December 2017. Based on the foregoing, the Group turned to a loss before income tax expenses of approximately HK\$8.0 million for the nine months ended 31 December 2018.

Liquidity, Financial Resources and Capital Structure

During the Period, the Group's main source of funds was cash generated from operations. As at 31 December 2018, the Group had bank balances and cash of approximately HK\$12.1 million (31 March 2018: approximately HK\$21.8 million). As at 31 December 2018, the Group's interest-bearing borrowings which were mainly bank borrowings amounted to approximately HK\$66.5 million (31 March 2018: approximately HK\$50.2 million).

During the Period, the Group did not use any financial instruments for hedging purposes (2017: Nil).

Dividend

The Board has resolved not to declare the payment of dividend for the Period. During the nine months ended 31 December 2017 and prior to the Listing, the Company had declared a special dividend of HK\$16,000,000 to Joyful Cat, being the then sole shareholder of the Company, in which Ms. Fung Sau Ying, the late chairlady, chief executive officer and executive Director, held 100% of her beneficial interest, prior to the Listing.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 31 December 2018, 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 OF THE COMPANY (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	Beneficial owner	4,900,000	1.23%

* The percentage represents the total number of the Shares held divided by the number of issued Shares as at 31 December 2018 (i.e. 400,000,000 Shares).

Save as disclosed above, as at 31 December 2018, none of the Directors nor the chief executive of the Company had any interests and short positions in the shares or 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 December 2018, so far as is known to the Directors, the following person or entity other than the Directors and the chief executive of the Company, had interests or short 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 OF THE COMPANY

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

Notes:

- (1) Joyful Cat is a direct shareholder of the Company.
- (2) Joyful Cat was legally and beneficially owned as to 100% by the late Ms. Fung, the former chairlady of the Board (the **"Chairlady"**) and the former chief executive officer of the Company (the **"CEO"**), who was deemed to be interested in all the Shares held by Joyful Cat.
- * The percentage represents the number of Shares held divided by the number of issued Shares as at 31 December 2018 (i.e. 400,000,000 Shares).

Save as disclosed above, as at 31 December 2018, 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

ACQUISITIONS, DISPOSAL AND SIGNIFICANT INVESTMENT

During the Period, the Company did not have any significant investment, material acquisition or disposal of subsidiaries and affiliated companies.

NON-COMPETITION UNDERTAKINGS

As disclosed in the Prospectus, the Company entered into a deed of non-competition with Joyful Cat and Ms. Fung (the "**Controlling Shareholders**") 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.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTEREST IN COMPETING BUSINESS

During the Period, none of the Directors or the controlling shareholders (as defined in the GEM Listing Rules) of the Company, or their respective close associates (as defined in the GEM Listing Rules) had any business or interest which directly or indirectly competed or might compete with the business of the Group and any other conflicts of interest which any such person had or might have with the Group.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

INTERESTS OF THE COMPLIANCE ADVISER

As confirmed by the Company's compliance adviser Alliance Capital Partners Limited (the "**Compliance Adviser**"), as at the date of this report, save for the compliance adviser agreement dated 12 July 2017 and entered into between the Company and the Compliance Adviser in respect of the fees received/receivable by 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 the securities of the Company or any member of the Group (including options or rights to subscribe for such securities), which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining high standards of corporate governance in order to uphold the transparency of the Group and safeguard the interests of the shareholders of the Company. The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code contained in Appendix 15 to the GEM Listing Rules (the "**CG Code**"). The Company has adopted and, save for the deviation from code provision A.2.1 of the CG Code as disclosed below, has complied with all applicable code provisions as set out in the CG Code during the Period.

In accordance with code provision A.2.1 of the CG Code, 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 Chairlady and the CEO. In view of the Board comprising a majority of the non-executive Directors and independent non-executive Directors (the "**INEDs**") and having appropriate checks and balances of power, the in-depth knowledge and experience of the Chairlady (who was also the CEO) of the operations of the Group and the baby clothing industry in general as well as her extensive business network and connections, and the scope of operations of the Group, the Board believed that it was in the best interest of the Group for Ms. Fung to assume the roles of both the Chairlady and the CEO.

Ms. Fung passed away on 4 November 2018, Ms. Luk Sau Kuen was re-designated from non-executive Director to executive Director and appointed as Chairlady and Mr. Cheung Desmond Lap Wai was appointed as 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.

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 a specific enquiry made by the Company on all the Directors (except the late Ms. Fung), each of them has confirmed that he/she had complied with the Required Standard of Dealings throughout the Period or from the date of appointment as a Director until the end of the Period (as the case may be). No incident of non-compliance was noted by the Company during the Period.

AUDIT COMMITTEE

The Board has established an Audit Committee with written terms of reference in accordance with Rule 5.28 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 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 the Group.

The Audit Committee has reviewed this report, including the Unaudited Condensed Consolidated Financial Statements, and was of the opinion that such results had been prepared in compliance with the applicable accounting standards and requirements and that adequate disclosure had been made. As at the date of this report, the Audit Committee comprises two INEDs, namely Mr. Leung Wai Yin and Mr. Cheung Ping Kwan Timothy and Mr. Char Yat Shan Jonathan, the non-executive Director. Mr. Leung Wai Yin is the chairman of the Audit Committee.

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

Hong Kong, 29 January 2019

As at the date of this report, 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; the non-executive Director is Mr. Char Yat Shan Jonathan; and the independent non-executive Directors are Mr. Choi Wing San Wilson, Mr. Cheung Ping Kwan Timothy and Mr. Leung Wai Yin.

This report will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days from the date of its publication. This report will also be published on the Company's website at www.mansionintl.com.