

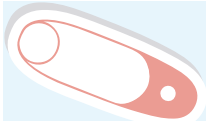
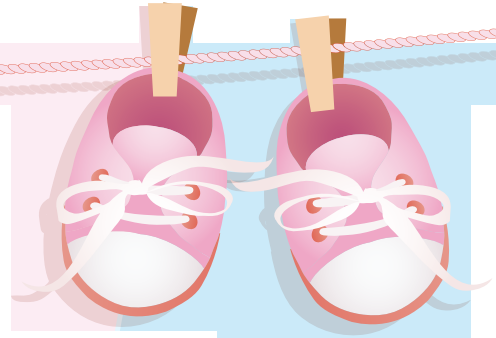


**MANSION INTERNATIONAL HOLDINGS LIMITED**  
民 信 國 際 控 股 有 限 公 司

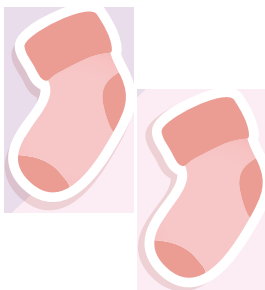
*(Incorporated in the Cayman Islands with limited liability)*

Stock Code: 8456

Your Baby  
Our Vision  
以愛編織 快樂未來



ANNUAL  
REPORT  
2021/2022





**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	2
Chairman's Statement	3
Management Discussion and Analysis	4
Biographical Details of Directors and Senior Management	13
Corporate Governance Report	15
Directors' Report	29
Independent Auditor's Report	38
Consolidated Statement of Profit or Loss and Other Comprehensive Income	43
Consolidated Statement of Financial Position	44
Consolidated Statement of Changes in Equity	46
Consolidated Statement of Cash Flows	48
Notes to the Consolidated Financial Statements	50
Financial Summary	106

# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Yao Ruhe (*Chairman*) (appointed on 12 May 2021)  
 Mr. Cheung Desmond Lap Wai  
 (*former Chairman and Acting Chief Executive Officer*)  
 (resigned on 16 February 2022)  
 Ms. Kam Chun Fong (appointed on 1 April 2022)  
 Mr. Kwan Kar Man (resigned on 1 April 2022)  
 Ms. Wong Ka Man

### Independent Non-executive Directors

Mr. Cho Chi Kong (resigned on 1 June 2021)  
 Mr. Lang Yonghua (appointed on 1 April 2022)  
 Mr. Tan Yik Chung Wilson (resigned on 27 April 2021)  
 Mr. Wang Rongqian (resigned on 1 April 2022)  
 Ms. Wong Ying Yu (appointed on 28 June 2021)  
 Mr. Wu Chi King (appointed on 28 June 2021)

## BOARD COMMITTEES

### Audit Committee

Mr. Wu Chi King (*Chairman*) (appointed on 28 June 2021)  
 Mr. Cho Chi Kong (resigned on 1 June 2021)  
 Mr. Lang Yonghua (appointed on 1 April 2022)  
 Mr. Tan Yik Chung Wilson (*former Chairman*)  
 (resigned on 27 April 2021)  
 Mr. Wang Rongqian (resigned on 1 April 2022)  
 Ms. Wong Ying Yu (appointed on 28 June 2021)

### Remuneration Committee

Mr. Lang Yonghua (*Chairman*)  
 (appointed on 1 April 2022)  
 Mr. Cho Chi Kong (resigned on 1 June 2021)  
 Mr. Tan Yik Chung Wilson (resigned on 27 April 2021)  
 Mr. Wang Rongqian (*former Chairman*)  
 (resigned on 1 April 2022)  
 Ms. Wong Ying Yu (appointed on 28 June 2021)  
 Mr. Wu Chi King (appointed on 28 June 2021)

### Nomination Committee

Mr. Wu Chi King (*Chairman*) (appointed on 28 June 2021)  
 Mr. Cheung Desmond Lap Wai  
 (resigned on 16 February 2022)  
 Mr. Cho Chi Kong (*former Chairman*)  
 (resigned on 1 June 2021)  
 Mr. Lang Yonghua (appointed on 1 April 2022)  
 Mr. Tan Yik Chung Wilson (resigned on 27 April 2021)  
 Mr. Wang Rongqian (resigned on 1 April 2022)  
 Ms. Wong Ying Yu (appointed on 28 June 2021)

## COMPLIANCE OFFICER

Mr. Cheung Desmond Lap Wai  
 (resigned on 16 February 2022)  
 Ms. Wong Ka Man (appointed on 16 February 2022)

## COMPANY SECRETARY

Mr. Kwan Kar Man (resigned on 1 April 2022)  
 Mr. Tse Fung Chun (appointed on 1 April 2022)

## AUTHORISED REPRESENTATIVES

Mr. Cheung Desmond Lap Wai (ceased on 7 April 2021)  
 Mr. Kwan Kar Man (ceased on 1 April 2022)  
 Mr. Tse Fung Chun (appointed on 1 April 2022)  
 Ms. Wong Ka Man (appointed on 7 April 2021)

## INDEPENDENT AUDITOR

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

## BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 204, 2/F., Empire Court,  
 2-4 Hysan Avenue, Causeway Bay,  
 Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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

## REGISTERED OFFICE

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

## PRINCIPAL BANKERS

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

## COMPANY WEBSITE

[www.mansionintl.com](http://www.mansionintl.com)

## STOCK CODE

8456



# Chairman's Statement

Dear Shareholders,

The year ended 31 March 2022 (the “**FY2022**”) has continued to be a tough and challenging year for the Company. The social unrest broke out in Hong Kong loomed the retail market, and uncertainties for our original brand manufacturing (the “**OBM**”) business grew. Also, the global economic uncertainties caused by the coronavirus disease (the “**COVID-19**”) and the social unrest will continue to affect production, demand, and retail throughout the world in the foreseeable future, affecting both original equipment manufacturing (the “**OEM**”) and OBM businesses in the 2021 and 2022.

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

Despite the uncertainties and challenges the Group faces this year, the Group foresees that global economy will be getting better in year 2022/2023 as a result of the disbursement of HK\$5,000 electronic consumption vouchers from government and the continued COVID-19 vaccination. We shall continue to actively explore all suitable investment opportunities to diversify the Group's business horizons and will work hard to strengthen overall business development in order to generate better financial returns and long-term value for our shareholders. Finally, I would like to extend my utmost appreciation to our management and staff for their contributions, dedication, and commitment. I would also like to express my sincere gratitude to all our business partners, suppliers, and customers for their continued confidence and support.

**Yao Ruhe**

*Chairman*

Hong Kong, 30 June 2022

# Management Discussion and Analysis

## BUSINESS REVIEW

The Group is principally engaged in the sale of baby and children garments by OEM and OBM. In 2021/2022, the threat of the COVID-19 seriously disrupted a wide range of local economic activities and supply chains in the Asian region. The epidemic even evolved into a pandemic during the year ended 31 March 2022 (the “Year”), sending a severe shock to the global economy.

For our OEM business, the Group sells its OEM goods to the customers in Hong Kong and exports to overseas mainly the United Kingdom (the “UK”) and the United States of America (the “US”). The OEM revenue decreased slightly due to the threat of the COVID-19 during the Year.

For our OBM business, the Group sells its OBM goods through the self-operated retail stores and department store counters in Hong Kong. During the Year, due to the threat of the COVID-19, OBM revenue in Hong Kong have declined significantly.

## FINANCIAL REVIEW

### *Revenue*

The Group’s revenue decreased by approximately 14.7% to approximately HK\$74.5 million for the Year as compared to that of approximately HK\$87.3 million for the year ended 31 March 2021 (the “Corresponding Year”). The revenue of the Group’s OEM business slightly decreased by approximately 1.1% to approximately HK\$43.7 million for the Year as compared to that of approximately HK\$44.2 million for the Corresponding Year. Such decrease was mainly due to the threat of the COVID-19 during the Year.

The revenue of the Group’s OBM business decreased by approximately 28.4% to approximately HK\$30.8 million for the Year as compared to that of approximately HK\$43.0 million for the Corresponding Year. Such decrease was mainly due to the willingness of spending by the consumers, which is affected by the pandemic of COVID-19. However, the Group believed that the disbursement of HK\$5,000 electronic consumption vouchers will stimulate the consumers’ spending on the sales products of the Group in coming year.

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

The Group’s cost of sales decreased by approximately 10.4% to approximately HK\$43.0 million for the Year as compared to that of approximately HK\$48.0 million for the Corresponding Year which is due to the Group has reduced the cost of sales by restructuring the production by working with other manufacturers in Hong Kong for the OEM business instead of manufacturing by its own factory in the PRC during the Year. The Group’s gross profit decreased by approximately 19.8% to approximately HK\$31.5 million for the Year as compared to that of approximately HK\$39.3 million for the Corresponding Year, resulting from the significant decrease in the Group’s revenue and it leads the Group’s gross profit margin also decreased from 45.0% to 42.3% for the Year.

### *Write-down of inventories*

A write-down on inventories of approximately HK\$1.4 million (FY2021: HK\$462,000) recorded due to allowance made for obsolete and slow-moving inventory items.



## Management Discussion and Analysis

### **Expenses**

The Group's selling and distribution costs decreased by approximately 19.1% to approximately HK\$17.8 million for the Year as compared to those of approximately HK\$22.0 million for the Corresponding Year. The Group's administrative and other expenses decreased by approximately 3.4% to approximately HK\$31.1 million for the Year as compared to those of approximately HK\$32.2 million for the Corresponding Year. Such decrease was mainly due to the Group's cost controls on operating costs in order to improve the Group's operating performance.

### **Finance costs**

The Group's finance costs decreased by approximately 45.3% to approximately HK\$820,000 during the Year as compared to those of approximately HK\$1.5 million for the Corresponding Year. The decrease in finance cost due to the Group has settled certain borrowings during the Corresponding Year.

### **Loss before tax**

The Group's loss before tax increased by approximately 1.1 times to approximately HK\$21.4 million for the Year as compared to that of approximately HK\$10.4 million for the Corresponding Year. Such increase was mainly due to the significant decrease in the gross profit of approximately HK\$7.8 million during the Year as compared with the Corresponding Year and the additional government grants of approximately HK\$5.2 million for the year ended 31 March 2021.

## **DIVIDEND**

The Board has resolved not to declare the payment of any dividend for the Year (2021: Nil).

## **OUTLOOK**

Under the economic impacts of COVID-19, there is an increase in OEM business of the Group which was mainly due to the effort of our sales team. Looking forward, the Board believes that the performance of OEM business of the Group will be dependent on the pandemic of COVID-19. Besides, persistently tense economic, trade and political relations between the PRC and the US, geopolitical tensions, and global financial market volatility also continue to warrant attention. OEM performance is thus expected to remain under pressure in the coming year.

OBM sales continued to drop during the Year, as the COVID-19 pandemic and resulting anti-pandemic measures brought inbound tourism to a standstill and seriously disrupted consumption-related activities. The business environment for OBM will remain very difficult in the near term amid the deep economic recession.

The potential impact of the COVID-19 on the global economy is tremendous but still uncertain. Concerns about the impact from the COVID-19 heighten, and these weigh on the corporate earnings and the global economic outlook. The negative effect resulting from the COVID-19 is largely dependent on the situation and the duration of the pandemic development. Future adverse changes in economic conditions would negatively affect the Group's financial position and performance. The Group will continue to monitor the development and the volatile market conditions.

## Management Discussion and Analysis

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

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

Looking ahead to 2022/2023, the Group foresees that global economy will be getting better in year 2022/2023 as a result of the disbursement of HK\$5,000 electronic consumption vouchers from government and the continued COVID-19 vaccination. We will actively explore all suitable investment opportunities to diversify the Group's business horizons and will work hard to strengthen overall business development in order to generate better financial returns for shareholders.

### LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group's sources of funds were mainly cash generated from operations and the net proceeds from the rights issue of approximately HK\$54.3 million, which was different from the estimated net proceeds of approximately HK\$53.4 million. The Group has adjusted the use of net proceeds in the same manner and in the same proportion as shown in the prospectus of the Company dated 4 January 2022 (the "**Prospectus**") The rights issue was granted by the Shareholders at the extraordinary general meeting of the Company (the "**EGM**") held on 16 December 2021 and completed on 7 February 2022 (the "**Right Issue**").

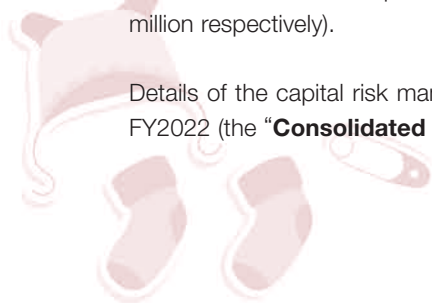
As at 31 March 2022, the Group had cash and bank balances of approximately HK\$19.7 million (31 March 2021: approximately HK\$3.4 million). As at 31 March 2022, the Group's other borrowings amounted to approximately HK\$11.7 million (31 March 2021: HK\$11.9 million). The Group's other borrowings are unsecured, repayable within one year and denominated in Hong Kong Dollars and Renminbi, and bear interest from 0% to 5% (FY2021: 0% to 5%) per annum. As at 31 March 2022, the amounts due to directors amounted to approximately HK\$1.2 million (31 March 2021: Nil) which is unsecured, no interests and repayable on demand.

The current ratio was 1.4 as at 31 March 2022 (31 March 2021: 0.59) and the gearing ratio was approximately 1.0 as at 31 March 2022 and no gearing ratio was presented as at 31 March 2021 due to the net liabilities position of the Group as at 31 March 2021.

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

The Group did not use any financial instruments for hedging purposes during FY2022 (FY2021: Nil). As at 31 March 2022, the share capital and equity attributable to owner of the Company amounted to approximately HK\$42.3 million and HK\$16.5 million respectively (31 March 2021: share capital and capital deficiency of HK\$9.2 million and HK\$22.6 million respectively).

Details of the capital risk management are set out in note 40 to the consolidated financial statements of the Group for FY2022 (the "**Consolidated Financial Statements**").





## Management Discussion and Analysis

### **Share Consolidation**

Reference is made to the announcement of the Company dated 14 May 2021, the Board proposed that every twenty (20) issued and unissued existing Shares of a par value of HK\$0.01 each in the share capital of the Company be consolidated into one (1) consolidated Share of a par value of HK\$0.2 each in the share capital of the Company (the “**Share Consolidation**”). The Share Consolidation was approved by the shareholders of the Company (the “**Shareholders**”) at the extraordinary general meeting of the Company (the “**EGM**”) held on 15 June 2021 and became effective on 17 June 2021. Upon completion of the Share Consolidation, the Company’s share capital consists of 46,073,800 consolidated Shares of HK\$0.2 each. As at 31 March 2022, the Company’s issued share capital was approximately HK\$42,305,000 and the number of its issued Shares was 211,524,720 of HK\$0.2 each.

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

### **Increase in Authorised Share Capital**

In order to accommodate the growth of the Group and to provide the Company with greater flexibility to raise funds by the rights issue, the Board proposes to seek the approval by way of ordinary resolution by the Shareholders at the EGM for an increase in its authorised share capital from HK\$20,000,000 divided into 100,000,000 Shares to HK\$100,000,000 divided into 500,000,000 Shares by creating an additional 400,000,000 unissued Shares (the “**Authorised Share Capital**”), and it was approved by the Shareholders at the EGM held on 16 December 2021. The Board believes the increase in the Authorised Share Capital are in the interests of the Company and the Shareholders as a whole. Therefore, the increase in the Authorised Share Capital has been completed on 16 December 2021. Further details of this transaction are set out in the circular of the Company dated 25 November 2021 and announcements of the Company dated 5 November 2021 and 16 December 2021.

## **CAPITAL COMMITMENTS**

Save as disclosed in this report, the Group did not have any significant capital commitments as at 31 March 2022 (31 March 2021: Nil).

## **CHARGE OVER ASSETS OF THE GROUP**

The group did not have any charge over assets of the Group as at 31 March 2022 (31 March 2021: Nil).

## **ACQUISITIONS AND DISPOSALS**

### **Disposal of subsidiaries**

On 30 July 2021, the Company has entered into a sales and purchase agreement with an independent third party (the “**Buyer**”) of the Group, to dispose of its wholly-owned subsidiary, Mansion Success Holdings Limited (“**Mansion Success**”). Through this disposal, 100% directly held subsidiary by Mansion Success and its 100% indirectly held subsidiary (collectively referred to as the “**Disposal Group**”) were also disposed accordingly, at a cash consideration of HK\$50,000. The Disposal Group carried out the business of manufacturing of children wear in the PRC. The disposal was completed on 13 August 2021, on which date control of the Disposal Group was passed to the Buyer.

Details of the disposal of subsidiaries are set out in note 37(a) to the Consolidated Financial Statements.

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

## Management Discussion and Analysis

### SHARE OPTION SCHEME

The Company has adopted the share option scheme on 28 December 2017 (the “**Share Option Scheme**”). The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

Details of the Share Option Scheme are as follows:

#### 1. *Purposes*

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

#### 2. *Eligible participants*

The eligible participants include 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 total number of Shares in issue as at 9 August 2021, being the date of approval of the refreshment of 10% general scheme limit under the Share Option Scheme by the Shareholders (i.e. 4,807,380 Shares, representing approximately 10% of the total number of Shares in issue as at 9 August 2021).

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

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

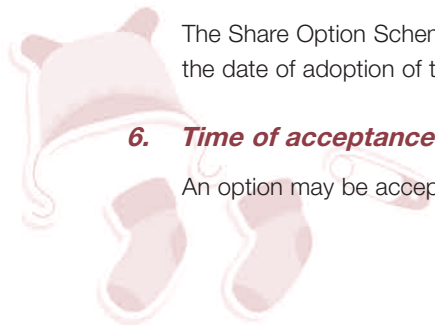
Where any grant of options to a substantial Shareholder or an independent non-executive Director (the “**INED**”) or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled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

#### 5. *Period of the Share Option Scheme*

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

#### 6. *Time of acceptance of the offer*

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



## Management Discussion and Analysis

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

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

### 8. Consideration for the option

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

### 9. Subscription price for Shares

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

### 10. Transfer or assignment

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

### 11. Termination of the Share Option Scheme

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

Details of movements in the Company's share options for the Year are as follows:

	Date of grant	Exercisable period (both dates inclusive)	Exercise price per shares HK\$	Outstanding at 1 April 2021	Granted during the Year	Number of share options			Outstanding as at 31 March 2022
						Lapsed during the Year	Cancelled during the Year	Exercised during the Year	
Executive Director									
Ms. Wong Ka Man (note a)	9 July 2021	9 July 2021 to 8 July 2031	0.3	-	400,000	-	-	(400,000)	-
Mr. Yao Ruhe (note a)	9 July 2021	9 July 2021 to 8 July 2031	0.3	-	400,000	-	-	(400,000)	-
Employees (note a)	9 July 2021	9 July 2021 to 8 July 2031	0.3	-	1,200,000	-	-	(1,200,000)	-
Employees (note b)	5 October 2021	5 October 2021 to 4 October 2031	0.479	-	4,807,380	-	-	(4,807,380)	-
				-	6,807,380	-	-	(6,807,380)	-

#### Notes:

- (a) The total of 400,000 share options were exercised by an eligible employee on 28 July 2021 and the Shares were issued and allotted on 30 July 2021. The rest of 1,600,000 share options were exercised by the eligible Directors and employees on 30 July 2021 and the Shares were issued and allotted on 3 August 2021.
- (b) The total of 4,807,380 share options were exercised by the eligible employees on 15 October 2021 and 19 October 2021 respectively and the Shares were issued and allotted on 18 October 2021 and 22 October 2021 respectively.

## Management Discussion and Analysis

### EVENT AFTER THE REPORTING PERIOD

#### *Disposal of subsidiary*

On 1 April 2022, the Company has entered into a sales and purchase agreement with an independent third party (the “Purchaser”) of the Group, to dispose of its wholly-owned subsidiary, Mantex Suppliers Co. Limited (“**Mantex Suppliers**”), at a cash consideration of HK\$1. The Mantex Suppliers carried out the business of wholesale of children wear during the Year. The disposal was completed on 1 April 2022, on which date control of the Mantex Suppliers was passed to the Purchaser.

Save as disclosed above, the Group did not have any important event after the year ended 31 March 2022.

### FOREIGN EXCHANGE EXPOSURE

The Group’s business operations were conducted in Hong Kong and the transactions, monetary assets and liabilities of the Group were denominated in Hong Kong dollars and United States dollars. As at 31 March 2022, the Group had no significant exposure under foreign exchange contracts, interest, currency swaps or other financial derivatives.

### CONTINGENT LIABILITIES

As at 31 March 2022, the Group did not have any significant contingent liabilities (31 March 2021: Nil).

### FUND RAISING ACTIVITIES

#### *Rights Issue*

Conditional upon the increase in the Authorised Share Capital as mentioned above becoming effective and the approval by the independent Shareholders at the EGM, the Board proposed to raise gross proceeds of approximately HK\$55.5 million on the basis of three (3) rights shares for every one (1) existing Share held on the record date by issuing 158,643,540 rights shares at the subscription price of HK\$0.35 per rights share (assuming no further issue of new Share(s) and no repurchase of Share(s) by the Company on or before the record date as announced by the Company from time to time subject to the approval of the Stock Exchange (the “**Record Date**”). The rights issue (the “**Rights Issue**”) is only available to the qualifying Shareholders and will not be extended to the excluded Shareholders. The estimated net proceeds (after the deduction of the costs and expenses which the Company will incur in the Rights Issue) will be approximately HK\$54.3 million (assuming no further issue of new Share(s) and no repurchase of Share(s) by the Company on or before the Record Date). The Company intends to apply the net proceeds from the Rights Issue for (i) approximately HK\$15.4 million for the payment of rental expenses and management fee for the next 12 months; (ii) approximately HK\$22.0 million for the payment of salaries of the Group’s employees for the next 12 months; (iii) approximately HK\$5.8 million for the working capital for the existing OEM business; and (iv) approximately HK\$11.1 million for the repayment of part of the current debts of the Group. The Rights Issue were approved by the Shareholders at the EGM held on 16 December 2021. Up to the date hereof, the Rights Issue was completed in 8 February 2022. For the further details of the Rights Issue, please refer to the prospectus of the Company dated 4 January 2022, the circular of the Company dated 25 November 2021, the announcements of the Company dated 5 November 2021, 16 November 2021, 25 January 2022 and 7 February 2022.

During the FY2022, save as disclosed above, the Group did not conduct any fund raising activities.



## Management Discussion and Analysis

### USE OF PROCEEDS FROM THE RIGHTS ISSUE

As disclosed in the Prospectus, the net proceeds (after deducting the placing commission and other related expenses and professional fees) from the Rights Issue were approximately HK\$54.3 million, which was different from the estimated net proceeds of approximately HK\$53.4 million. The Group has adjusted the use of net proceeds in the same manner and in the same proportion as shown in the Prospectus.. As at 31 March 2022, the Group had utilised approximately HK\$35.1 million of the net proceeds as follows:

<b>Implementation plans</b>	<b>Adjusted use of net proceeds in the same manner and in the same proportion as stated in the Prospectus HK\$ million</b>	<b>Actually utilised up to 31 March 2022 HK\$ million</b>
Payment of rental expenses and management fee	15.7	3.8
Payment of salaries of the Group's employees	22.4	15.1
Working capital for the existing OEM business	4.9	4.9
Repayment of part of the current debts of the Group	11.3	11.3
<b>Total</b>	<b>54.3</b>	<b>35.1</b>

### FUTURE PLANS

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

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

### EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2022, the Group had about 50 (2021: 63) employees working in Hong Kong.

As the guiding principles, the Group uses its best endeavours offering the most competitive compensation to our employees based on factors, including their qualifications, experience, responsibilities and performance, and treats all of our staff equally and fairly. The Group provides a safe and equal-working environment.

## Management Discussion and Analysis

Our employees will be compensated with a fair and equitable manner, and the opportunity to grow and excel with the Group through continuous learning at all levels. Our employees are entitled to a mandatory provident fund (the “**MPF**”) scheme, medical insurance and statutory holidays. The Group rewards employees with competitive remuneration, including salaries, allowance and performance bonus. Furthermore, the Company has adopted a share option scheme on 28 December 2017 (the “**Share Option Scheme**”) to reward the eligible participants for their contribution to the Group. The Group also provides internal training to our staff to enhance their technical and product knowledge.

### RETIREMENT BENEFITS PLANS

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

Defined contribution schemes include central pension scheme in the PRC (the “**Central Pension Scheme**”) and MPF scheme in Hong Kong. For the Central Pension Scheme, contributions are made by both employer and employees at statutory amount. For the MPF scheme, contributions are made by both employer and employees based on the employees’ relevant monthly income at rates in compliance with statutory requirements. Employers’ contributions to defined contribution schemes amounted to HK\$620,000 for FY2022 (FY2021: 1.8 million).

### STAKEHOLDERS’ ENGAGEMENT

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

Across the supply chain, the Group has taken steps throughout the FY2022 to ensure that we operate responsibly and in the interests of our customers, workforce, suppliers and other stakeholders.

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



# Biographical Details of Directors and Senior Management

## EXECUTIVE DIRECTORS

**Mr. Yao Ruhe** (姚汝壑) (“**Mr. Yao**”), aged 36, has been our executive Director since 12 May 2021. He has also been appointed as the chairman of the Company (the “**Chairman**”) since 16 February 2022. Mr. Yao is currently the deputy general manager of Guangzhou Trendzon Investment Holding Group Co., Limited (“**Guangzhou Trendzon**”) since January 2019, where he was responsible for overseeing the operation and business strategies of Guangzhou Trendzon, and organizing and developing Guangzhou Trendzon’s marketing and other related businesses in Hong Kong and Guangzhou. In addition, Mr. Yao served as the deputy general manager (South China) of the Market Development Department of Hainan Bozza Holdings Group Limited from December 2017 to December 2018, where he was responsible for product positioning and marketing strategies, including product positioning and price strategy, etc.

**Ms. Wong Ka Man** (王嘉雯) (“**Ms. Carmen Wong**”), aged 34, has been our executive Director since 17 March 2021. Ms. Carmen Wong has also been appointed as the Authorised Representative and the compliance officer on 7 April 2021 and 16 February 2022 respectively. She is currently an operation manager of Trendzon Holdings Group Limited, a company listed on the Stock Exchange (Stock Code: 1865) since August 2021. Ms. Carmen Wong was an operation manager of China Supply Chain Holdings Limited, a company listed on the Stock Exchange (Stock Code: 3708), from May 2016 to July 2021 and was also the deputy operation manager of China Ocean Group Development Limited, a company listed on GEM of the Stock Exchange (Stock Code: 8047), from September 2014 to May 2016.

**Ms. Kam Chun Fong** (金振芳) (“**Ms. Kam**”), aged 69, has been our executive Director since 1 April 2022. Ms. Kam has over 35 years of experience in the senior management of a sizable retail store who responsible for decision making on the operations and in the areas of retail and online marketing of the products. She is familiar with retail business, personnel management and has rich experience in operations and marketing development.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. Wu Chi King** (胡子敬) (“**Mr. Wu**”), aged 40, has been our an independent non-executive Director (“**INED**”) since 28 June 2021, and is the chairman of the Board’s audit committee (the “**Audit Committee**”) and the Board’s nomination committee (the “**Nomination Committee**”) and a member of the Board’s remuneration committee (the “**Remuneration Committee**”). He received a Bachelor of Computer Science from Monash University and is a Certified Practising Accountant (CPA) of Certified Practising Accountant Australia. He has accumulated extensive experience in finance and accounting by working in various listed and sizable companies in Hong Kong. Mr. Wu is currently the Finance Manager of Elegant Best Investment Limited, a private company incorporated in Hong Kong with limited liability which is a cosmetic product manufacturer and owned a cosmetic brand “Mariedalgar” in China. Mr. Wu is also an independent non-executive director of Wan Cheng Metal Packaging Company Limited, a company whose shares are listed on GEM of the Stock Exchange (Stock Code: 8291) since June 2020.

**Ms. Wong Ying Yu** (黃纓喻) (“**Ms. Wong**”), aged 59, has been our INED since 28 June 2021, and is a member of each of the Audit Committee, Nomination Committee and Remuneration Committee. She has over 21 years experience on sales and marketing of beauty products with management experience in the beauty industry, and was responsible for all day-to-day aspects of the operations in Hong Kong including sales and marketing, business development, merchandising and design. With extensive professional knowledge and experience in retailing, she possesses unique experience in the operational concept of open-shelf display of retail products.

## Biographical Details of Directors and Senior Management

**Mr. Lang Yonghua** (郎永華) (“**Mr. Lang**”), aged 60, has been our INED, the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee since 1 April 2022. Mr. Lang has over 29 years of experience in the trading industry. Mr. Lang has held managerial positions in various sizeable corporation in China from 1997 to 2017. He has mainly been responsible for business development, marketing and financial management.

### COMPANY SECRETARY

**Mr. Tse Fung Chun** (謝逢春) (“**Mr. Tse**”), aged 33, has been appointed as the company secretary of the Company since 1 April 2022. Mr. Tse obtained a Bachelor’s degree in Accounting from University of Queensland in Australia in 2011. Mr. Tse is a certified public accountant of The Hong Kong Institute of Certified Public Accountants and CPA Australia and a chartered management accountant of the Chartered Institute of Management Accountants. Mr. Tse has over nine years of experience in auditing, accounting and corporate governance. Mr. Tse is a shareholder of Rica Corporate Services Limited, a company incorporated in Hong Kong and holds a trust or company service provider licence pursuant to the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Chapter 615 of the Laws of Hong Kong). He is also currently an executive director, the company secretary, the compliance officer, an authorised representative and the process agent of WLS Holdings Limited, a company whose shares are listed on GEM of the Stock Exchange (Stock Code: 8021) since August 2020 and the company secretary, an authorised representative and the process agent of Trendzon Holdings Group Limited, a company whose shares are listed on the Main Board of Stock Exchange (Stock Code: 1865) since September 2020.





# Corporate Governance Report

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

## CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles of and complied with the applicable code provisions of the Corporate Governance Code as contained in Appendix 15 to the GEM Listing Rules (the "**CG Code**") during FY2022 and up to the date hereof, save for the deviation from code provision A.2.1 of the CG Code as disclosed in the section headed "Chairman and Chief Executive" in this report, code provisions A.5.1 and A.6.7 of the CG code as disclosed below, and Rules 5.05(1), 5.05(2), 5.05A, 5.28 and 5.34 as disclosed below. The Company periodically reviews its corporate governance practices to ensure that it continues to meet the requirements of the CG Code.

Code provision A.6.7 of the CG Code stipulates that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Some individual Directors were unable to attend the AGM held on 9 August 2021 and the EGMs held on 15 June 2021 and 16 December 2021 due to other business engagements. This constitutes a deviation from code provision A.6.7 of the CG Code.

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

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

## SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for dealing in securities of the Company by the Directors (the "**Required Standard of Dealings**"). Following specific enquiries made by the Company on all the Directors during FY2022 and up to the date hereof, each of them has confirmed he/she had complied with the Required Standard of Dealings throughout the FY2022. No incident of non-compliance was noted by the Company during the FY2022.

## Corporate Governance Report

### BOARD OF DIRECTORS

#### *Responsibilities*

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

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

#### *Composition*

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

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

#### **Executive Directors**

Mr. Yao Ruhe (*Chairman*)  
Ms. Kam Chun Fong  
Ms. Wong Ka Man

#### **INEDs**

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

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

To the best knowledge of the Company, there was no financial, business, family or other material/relevant relationship among the Directors during the FY2022 and up to the date hereof.



## Corporate Governance Report

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

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

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

During the FY2022, Mr. Yao had held a meeting with the INEDs without the presence of other Directors.

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

### ***Directors' Induction and Continuous Professional Development***

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

The Company will from time to time provide briefings to all Directors to develop and refresh their duties and responsibilities. All Directors are also encouraged to attend relevant training courses at the Company's expense and they have been requested to provide the Company with their training records. According to the training records maintained by the Company, the continuous professional development programmes received by each of the Directors during the FY2022 are summarised as follows:

Name of Directors	Type of trainings
Mr. Yao (appointed on 12 May 2021)	B
Mr. Cheung Desmond Lap Wai (" <b>Mr. Cheung</b> ") (resigned on 16 February 2022)	B
Ms. Kam (appointed on 1 April 2022)	B
Mr. Kwan Kar Man (" <b>Mr. Kwan</b> ") (resigned on 1 April 2022)	A & B
Ms. Carmen Wong	B
Mr. Cho Chi Kong (" <b>Mr. Cho</b> ") (resigned on 1 June 2021)	A & B
Mr. Lang (appointed on 1 April 2022)	B
Mr. Tan Yik Chung Wilson (" <b>Mr. Tan</b> ") (resigned on 27 April 2021)	A & B
Mr. Wang Rongqian (" <b>Mr. Wang</b> ") (resigned on 1 April 2022)	B
Ms. Wong (appointed on 28 June 2021)	B
Mr. Wu (appointed on 28 June 2021)	A & B

A: attending seminars/conferences/forums

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

## Corporate Governance Report

### **Meetings of the Board and Directors' Attendance Records**

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

Details of the attendance of the Board meetings, Audit Committee meetings, Remuneration Committee meetings, Nomination Committee meetings and general meetings of the Company held during the FY2022 are summarised as follows:

Name of Directors	Number of meetings attended/eligible to attend for the FY2022				
	Board meeting	Audit Committee meeting	Remuneration Committee meeting	Nomination Committee meeting	General Meeting
<b>Executive Directors</b>					
Mr. Cheung (note 2)	9/9	N/A	N/A	3/3	0/3
Ms. Kam (note 2)	N/A	N/A	N/A	N/A	N/A
Mr. Kwan (note 3)	9/9	N/A	N/A	N/A	3/3
Ms. Carmen Wong	8/9	N/A	N/A	N/A	2/3
Mr. Yao (note 1)	7/7	N/A	N/A	N/A	0/3
<b>INEDs</b>					
Mr. Wu (note 4)	6/6	5/5	1/1	1/1	2/3
Mr. Cho (note 5)	2/2	N/A	1/1	1/1	N/A
Mr. Lang (note 6)	N/A	N/A	N/A	N/A	N/A
Mr. Tan (note 7)	N/A	N/A	N/A	N/A	N/A
Mr. Wang (note 8)	9/9	5/5	3/3	3/3	0/3
Ms. Wong (note 9)	6/6	5/5	1/1	1/1	0/3

N/A: not applicable



## Corporate Governance Report

### Notes:

1. Mr. Yao was appointed as an executive Director on 12 May 2021.
2. Mr. Cheung resigned as an executive Director and a member of the Nomination Committee on 16 February 2022.
3. Mr. Kwan resigned as an executive Director on 1 April 2022.
4. Mr. Wu was appointed as an INED, chairman of the Audit Committee and Nomination Committee and a member of the Remuneration Committee and on 28 June 2021.
5. Mr. Cho resigned as an INED, chairman of the Nomination Committee, and a member of each of the Audit Committee and Remuneration Committee on 1 June 2021.
6. Mr. Lang was appointed as an INED, chairman of the Remuneration Committee, and a member of each of the Audit Committee and Nomination Committee on 1 April 2022.
7. Mr. Tan resigned as an INED, chairman of the Audit Committee, and a member of each of the Remuneration Committee and Nomination Committee on 27 April 2021.
8. Mr. Wang resigned as an INED, chairman of the Remuneration Committee, and a member of each of the Audit Committee and Nomination Committee on 1 April 2022.
9. Ms. Wong was appointed as an INED and a member of each of the Audit Committee, Remuneration Committee and Nomination Committee on 28 June 2021.

### **Board Diversity Policy**

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

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

### **CHAIRMAN AND CHIEF EXECUTIVE**

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Cheung, acting CEO, was appointed as the chairman on 21 May 2020. He is mainly responsible for overseeing the financial and accounting, human resources and administrative matters as well as the OBM business of the Group. In view of Mr. Cheung's aforesaid responsibilities and extensive experience and working knowledge in the Group since October 2008, the Board believed that it was in the best interest of the Group to have Mr. Cheung taking up both roles for effective management and business development. The Board considered that the balance of power and authority, accountability and independent decision-making under the above arrangement would not be impaired because of the diverse background and experience of the INEDs. Mr. Cheung resigned as the chairman and acting CEO on 16 February 2022.

## Corporate Governance Report

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

### BOARD COMMITTEES

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

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

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

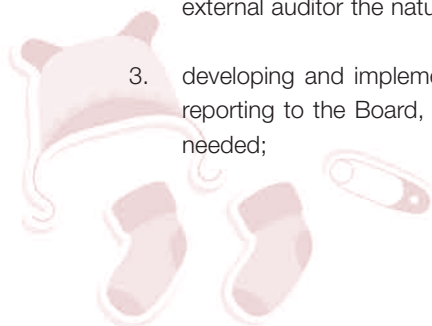
The Board is responsible for performing the corporate governance duties set out in the CG Code, which include developing and reviewing the Company's policies and practices on corporate governance, training and continuous professional development of Directors, and reviewing the Company's compliance with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

### *Audit Committee*

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

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

1. making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, approving its remuneration and terms of engagement, and handling any questions regarding its resignation or dismissal;
2. reviewing and monitoring the external auditor's independence and objectivity, and the effectiveness of the audit process in accordance with applicable standards and the Group's accounting policies, and discussing with the external auditor the nature and scope of the audit and reporting obligations before the audit commences;
3. developing and implementing a policy on engaging an external auditor to supply non-audit services, if any, and reporting to the Board, identifying and making recommendations on any matters where action or improvement is needed;



## Corporate Governance Report

4. assisting the Board in fulfilling its responsibilities by providing an independent review and supervision of financial reporting;
5. monitoring the integrity of the Company's financial statements, annual reports and accounts, half-year reports and quarterly reports, and reviewing significant financial reporting judgments contained in them;
6. reviewing the Company's financial controls;
7. discussing the risk management and internal control systems with the Management to ensure that the Management has performed its duty to have such effective systems;
8. considering major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and the Management's response to these findings;
9. where an internal audit function exists, ensuring the co-ordination between internal and external auditors and that the internal audit function is adequately resourced and has appropriate standing within the Company, and reviewing and monitoring its effectiveness;
10. reviewing the Group's financial and accounting policies and practices;
11. reviewing the external auditor's management letter, any material queries raised by the external auditor to the Management about the accounting records, financial accounts or systems of control and management's response;
12. ensuring that the Board will provide a timely response to the issues raised in the external auditor's management letter;
13. reporting to the Board on the matters in the provisions in the CG Code;
14. ensuring the adequacy of resources, staff qualifications and experience, training programmes, and budget of the Company's accounting and financing reporting function;
15. reviewing the arrangements that the employees of the Group can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters;
16. formulating whistle-blowing policies and systems so that the employees and other persons (e.g. customers and suppliers) who have connections with the Company can, in confidence, report to the Audit Committee concerns about any impropriety relating to the Company; and
17. considering other topics as defined by the Board.

During the FY2022, the Audit Committee held five meetings to, amongst other matters, consider and recommend to the Board for approval the Group's audited annual results for FY2021, unaudited first quarterly results for the three months ended 30 June 2021, unaudited interim results for the six months ended 30 September 2021 and unaudited third quarterly results for the nine months ended 31 December 2021; and the appointment of McMillan Woods (Hong Kong) CPA Limited ("**McMillan**") as the auditor of the Company. Details of the attendance of the Audit Committee meetings are set out above.

## Corporate Governance Report

### **Remuneration Committee**

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

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

1. making recommendations to the Board on (i) the overall policy and structure for the remuneration of all Directors, senior management and general staff of the Group, and (ii) the establishment of a formal and transparent procedure for developing the remuneration policy;
2. reviewing and approving management's remuneration proposals by reference to the Board's corporate goals and objectives;
3. making recommendations to the Board on the remuneration packages of individual executive Directors and senior management including basic salaries, benefits in kind, pension rights and compensation payments including any compensation payable for loss or termination of their office or appointment;
4. making recommendations to the Board on the remuneration of the non-executive Directors;
5. considering the salaries paid by comparable companies, time commitment, responsibilities and employment conditions elsewhere in the Group;
6. reviewing and approving the compensation payable to the executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with the contractual terms and is otherwise fair and not excessive;
7. reviewing and approving the compensation arrangements relating to the dismissal or removal of the Directors for misconduct to ensure that they are consistent with the contractual terms and are otherwise reasonable and appropriate; and
8. ensuring that no Director or any of his/her associates (as defined in the GEM Listing Rules) is involved in deciding his/her own remuneration.

During the FY2022, the Remuneration Committee held three meetings to review and recommend to the Board for approval certain remuneration-related matters of the Directors and senior management. Details of the attendance of the Remuneration Committee meetings are set out above.





## Corporate Governance Report

### ***Nomination Committee***

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

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

1. reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
2. identifying individuals suitably qualified to become members of the Board and selecting or making recommendations to the Board on the selection of individuals nominated for directorships;
3. assessing the independence of the INEDs;
4. making recommendations to the Board on the appointment or re-appointment of Directors and the succession plan for the Directors, in particular, the Chairman and the CEO; and
5. developing and making recommendations to the Board the measurable objectives for achieving diversity on the Board and monitoring the progress on achieving those objectives.

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

During the FY2022, the Nomination Committee held three meetings to, amongst other matters, (i) review the structure, size and composition of the Board; (ii) assess the independence of the INEDs; (iii) recommend to the Board for approval the appointment of Director; and (iv) recommend to the Board for approval the re-appointment of Directors at the AGM held in August 2021. Details of the attendance of the Nomination Committee meetings are set out above.

## Corporate Governance Report

### **Corporate Governance Functions**

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

1. developing and reviewing the Company's policies and practices on corporate governance and make recommendations to the Board;
2. reviewing and monitoring the training and continuous professional development of the Directors and senior management;
3. reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
4. developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to the Directors and the Group's employees; and
5. reviewing the Company's compliance with the CG Code and disclosure in this report.

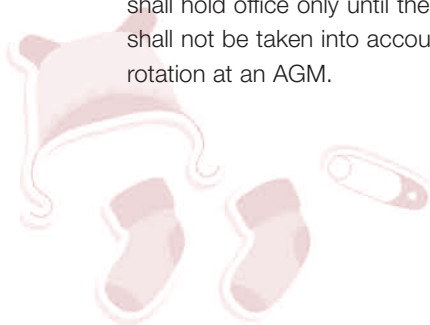
### **APPOINTMENT AND RE-ELECTION OF DIRECTORS**

Ms. Kam and Mr. Lang will hold office until the first AGM after his/her appointment and will be subject to retirement and re-election at such meeting.

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

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

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



## Corporate Governance Report

### REMUNERATION OF DIRECTORS

The particulars of the Directors' remuneration for the FY2022 are set out in note 10 to the Consolidated Financial Statements.

### INDEPENDENT AUDITOR'S REMUNERATION

McMillan was engaged as the Group's independent auditor for the FY2022. The remuneration paid/payable to McMillan in respect of statutory audit services for the FY2022 was HK\$520,000. McMillan also provided the Group with non-audit services regarding the rights issue at fees to HK\$120,000.

### DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

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

### RISK MANAGEMENT AND INTERNAL CONTROL

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

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

## Corporate Governance Report

### DISCLOSURE OF INSIDE INFORMATION

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

1. the Group conducts its affairs with close regard to the disclosure requirement under the GEM Listing Rules as well as the “Guidelines on Disclosure of Inside Information” published by the Securities and Futures Commission of Hong Kong in June 2012;
2. the Group has implemented and disclosed its policy on fair disclosure by pursuing broad, non-exclusive distribution of information to the public through channels such as financial reporting, public announcements and the Company’s website;
3. the Group has strictly prohibited unauthorised use of confidential or inside information; and
4. the Group has established and implemented procedures for responding to external enquiries about the Group’s affairs, so that only the executive Directors and authorised representatives are authorised to communicate with parties outside the Group.

### COMPANY SECRETARY

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

Mr. Tse has confirmed that he received no less than 15 hours of relevant professional training during the FY2022 pursuant to Rule 5.15 of the GEM Listing Rules.

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

### SHAREHOLDERS’ RIGHTS

#### *Procedures for Putting Forward Proposals at Shareholders’ Meetings*

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



## Corporate Governance Report

### ***Procedures for Shareholders to Convene an EGM***

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

Eligible Shareholders who wish to convene an EGM for the purpose of making proposals or moving a resolution at the EGM must deposit a written requisition (the “**Requisition**”) signed by the Eligible Shareholder(s) concerned (the “**Requisitionist(s)**”) at the headquarters and principal place of business of the Company in Hong Kong (presently at Room 204, 2/F., Empire Court, 2-4 Hysan Avenue, Causeway Bay, Hong Kong) for the attention of the Company Secretary.

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

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

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

### ***Procedures for Shareholders to Send Enquiries to the Board***

Shareholders may direct their enquiries about their shareholdings, share transfer/registration or notification of change of their correspondence address or dividend/distribution instructions to the Company’s branch share registrar and transfer office in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong.

Shareholders may send their enquiries and concerns to the Board by post to the headquarters and principal place of business of the Company in Hong Kong at Room 204, 2/F., Empire Court, 2-4 Hysan Avenue, Causeway Bay, Hong Kong or by email to [mansion@mansionintl.com](mailto:mansion@mansionintl.com) for the attention of the Company Secretary.

## Corporate Governance Report

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

1. the matters within the Board's purview to the executive Directors;
2. the matters within a Board committee's area of responsibility to the chairman of the appropriate committee; and
3. ordinary business matters, such as suggestions, enquiries and client complaints to the appropriate management of the Company.

### DIVIDEND POLICY

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

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

- (a) the Group's actual and expected financial performance;
- (b) retained earnings and distributable reserves of the Company and each of the members of the Group;
- (c) the Group's working capital requirements, capital expenditure requirements and future expansion plans;
- (d) the Group's liquidity position;
- (e) general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Group; and
- (f) any other factors that the Board deems appropriate.

### COMMUNICATION WITH THE SHAREHOLDERS

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

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

### CONSTITUTIONAL DOCUMENTS

During the FY2022, 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 35 to the Consolidated Financial Statements.

## BUSINESS REVIEW

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

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

Code provision A.6.7 of the CG Code stipulates that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Some individual Directors were unable to attend the AGM held on 9 August 2021 and the EGMs held on 15 June 2021 and 16 December 2021 due to other business engagements. This constitutes a deviation from code provision A.6.7 of the CG Code.

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

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

## Directors' Report

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

Save as disclosed in the section "Management Discussion and Analysis – Event after the Reporting Period", the Board is not aware of any significant event requiring disclosure that has taken place subsequent to 31 March 2022 and up to the date hereof.

### RESULTS AND DIVIDEND

The results of the Group for the FY2022 are set out in the consolidated statement of profit or loss and other comprehensive income on page 43 of this annual report.

The Board has resolved not to recommend the payment of any dividend for the FY2022.

### SUMMARY FINANCIAL INFORMATION

A summary of the results and assets and liabilities of the Group for the last five financial years is set out on page 106 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 FY2022 are set out in note 17 to the Consolidated Financial Statements.

### SHARE CAPITAL

Details of the movements in the Company's paid up capital for the FY2022 are set out in note 32 to the Consolidated Financial Statements.

### RESERVES

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

### DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders as at 31 March 2021 and 2022 were as follows:

	<b>31 March 2022 HK\$'000</b>	31 March 2021 HK\$'000
Share premium	<b>118,409</b>	93,224
Accumulated losses	<b>(115,167)</b>	(79,510)
	<b>3,242</b>	13,714





## Directors' Report

### 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 FY2022, the Company did not redeem its listed securities, nor did the Company or any of its subsidiaries purchase or sell such securities.

### EQUITY-LINKED AGREEMENTS

Other than (i) the Rights Issue as set out in the section headed "Management Discussion and Analysis – Rights Issue"; and (ii) the share option scheme of the Company as set out in the section headed "Management Discussion and Analysis – Share Option Scheme", no equity-linked agreements that will or may result in the Company issuing Shares or that require the Company to enter into any agreements that will or may result in the Company issuing Shares were entered into by the Company or subsisting during the FY2022.

### SUFFICIENCY OF PUBLIC FLOAT

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

### MAJOR CUSTOMERS AND SUPPLIERS

During the FY2022, sales to the Group's five largest customers accounted for approximately 50.7% of the Group's total sales for the FY2022 and sales to the largest customer included therein amounted to approximately 16.3%.

During the FY2022, purchases from the Group's five largest suppliers accounted for approximately 56.3% of the Group's total purchases for the FY2022 and purchases from the Group's largest supplier included therein amounted to approximately 23.5%.

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

### DONATIONS

During the FY2022, the Group did not make any charitable donations (2021: Nil).

## Directors' Report

### DIRECTORS

The Directors who held office during the FY2022 and up to the date hereof are:

#### *Executive Directors*

Mr. Yao Ruhe (*Chairman*) (appointed on 12 May 2021)

Mr. Cheung Desmond Lap Wai (*former Chairman and Acting Chief Executive Officer*) (resigned on 16 February 2022)

Ms. Kam Chun Fong (appointed on 1 April 2022)

Mr. Kwan Kar Man (resigned on 1 April 2022)

Ms. Wong Ka Man

#### *INEDs*

Mr. Cho Chi Kong (resigned on 1 June 2021)

Mr. Lang Yonghua (appointed on 1 April 2022)

Mr. Tan Yik Chung Wilson (resigned on 27 April 2021)

Mr. Wang Rongqian (resigned on 1 April 2022)

Ms. Wong Ying Yu (appointed on 28 June 2021)

Mr. Wu Chi King (appointed on 28 June 2021)

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

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

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

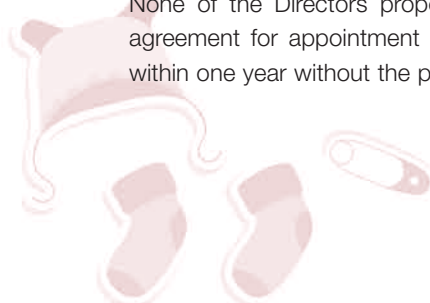
### INDEPENDENCE OF INEDs

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).



## Directors' Report

### BIOGRAPHICAL DETAILS OF DIRECTORS

The biographical details of Directors are disclosed in the section headed "Biographical Details of Directors" on pages 13 to 14 of this annual report.

### CHANGES IN DIRECTORS' INFORMATION

The changes in the Directors' information as required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules are set out below:

1. Mr. Cheung resigned as an Authorised Representative on 7 April 2021.
2. Ms. Carmen Wong was appointed as an executive Director and an Authorised Representative on 17 March 2021 and 7 April 2021 respectively.
3. Mr. Tan resigned as an INED, chairman of the Audit Committee, and a member of each of the Remuneration Committee and Nomination Committee on 27 April 2021.
4. Mr. Yao was appointed as an executive Director on 12 May 2021.
5. Mr. Cho resigned as an INED, chairman of the Nomination Committee, and a member of each of the Audit Committee and Remuneration Committee on 1 June 2021.
6. Ms. Wong was appointed as an INED, and a member of each of the Audit Committee, Nomination Committee and Remuneration Committee on 28 June 2021.
7. Mr. Wu was appointed as an INED, chairman of the Audit Committee and Nomination Committee and a member of the Remuneration Committee on 28 June 2021.
8. Mr. Cheung resigned as an executive Director, the chairman of the Board, the acting chief executive officer of the Company, the compliance officer and a member of the Nomination Committee on 16 February 2022.
9. Mr. Yao was appointed as the chairman of the Board on 16 February 2022.
10. Ms. Carmen Wong was appointed as the compliance officer on 16 February 2022.
11. Mr. Kwan resigned as an executive Director, the Company Secretary, an Authorised Representative and the Process Agent on 1 April 2022.
12. Ms. Kam was appointed as an executive Director on 1 April 2022.
13. Mr. Wang resigned as an INED, chairman of the Remuneration Committee, and a member of each of the Audit Committee and Nomination Committee on 1 April 2022.
14. Mr. Lang was appointed as an INED, chairman of the Remuneration Committee, and a member of each of the Audit Committee and Nomination Committee on 1 April 2022.

## Directors' Report

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

Details of the Directors' emoluments and the five individuals with the highest emoluments are set out in notes 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 FY2022 or at any time during the FY2022.

### **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 FY2022 and up to the date hereof.

### **PERMITTED INDEMNITY PROVISION**

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

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

The permitted indemnity provision and the Directors' and officers' liability insurance were in force during the FY2022 and are in force as at the date hereof.



## Directors' Report

### RELATED PARTY TRANSACTIONS

A summary of the related party transactions entered into by the Group during the FY2022 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 FY2022.

### CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

No contract of significance (whether for the provision of services to the Group or not) between the Company or any of its subsidiaries and a controlling Shareholder (as defined in the GEM Listing Rules) or any of its subsidiaries subsisted as at the end of the FY2022 or at any time during the FY2022.

### 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.

### CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 31 March 2022, the interests of the Directors and chief executive of the Company in Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

Long positions in Shares and underlying Shares

Name	Capacity	Number of ordinary Shares held	Approximate percentage of the issued share capital of the Company as at 31 March 2022
Ms. Wong Ka Man	Beneficial owner	400,000	0.19%
Mr. Yao Ruhe	Beneficial owner	400,000	0.19%

Save as disclosed above, none of the Directors and chief executive of the Company had any interests or short position in the Shares, underlying Shares or debentures of the Company or its associated corporation as at 31 March 2022.

## Directors' Report

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

As at 31 March 2022, the Company had not been notified by any persons (other than the Directors whose interests were disclosed above) who had interests or short positions in the Shares or underlying Shares which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

### **ARRANGEMENTS FOR DIRECTORS TO ACQUIRE SHARES OR DEBENTURES**

Save as disclosed in the section "Share Option Scheme" below, at no time during the FY2022 or at the end of the FY2022 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.

### **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 15 to 28 of this annual report.

The compliance officer of the Company is Ms. Carmen Wong whose biographical details are set out on page 13 of this annual report. The Company Secretary is Mr. Tse and a certified public accountant of the Hong Kong Institute of Certified Public Accountants.

### **AUDIT COMMITTEE**

The Audit Committee was established with effect from 26 January 2018 with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and code provision C.3.3 of the CG Code. The primary duties of the Audit Committee are mainly to make recommendations to the Board on the appointment, re-appointment and removal of external auditors, review the financial statements and material advice in respect of financial reporting, and oversee internal control and risk management procedures of our Group.

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

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



## Directors' Report

### INDEPENDENT AUDITOR

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

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

By Order of the Board

**Mansion International Holdings Limited**

**Yao Ruhe**

*Chairman*

Hong Kong, 30 June 2022

# Independent Auditor's Report



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

*(incorporated in the Cayman Islands with limited liability)*

### OPINION

We have audited the consolidated financial statements of Mansion International Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as “**the Group**”) set out on pages 43 to 105, which comprise the consolidated statement of financial position as at 31 March 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of Hong Kong Companies Ordinance.

### BASIS FOR OPINION

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

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters we identified are 1) net realisable value of inventories and 2) valuation of right-of-use assets.





## Independent Auditor's Report

### KEY AUDIT MATTERS (CONTINUED)

#### *Net realisable value of inventories*

Refer to significant accounting policies in note 4, key sources of estimation uncertainties in note 5 and its relevant disclosures in note 21 to the consolidated financial statements.

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

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

As at 31 March 2022, the carrying amount of inventories was HK\$6,786,000 and write-down of inventories of HK\$1,350,000 was charged to profit or loss for the year then ended.

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

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

- Understanding and evaluating the Group's provision policy on inventories;
- Testing the accuracy of the inventory ageing analysis, on a sampling basis, and analysing the level of the aged inventory and their associated provisions;
- Obtaining the inventory ageing report to identify long aged inventories and assessing whether allowance for inventories was properly provided for; and
- Evaluating net realisable value of inventories, on a sample basis, with reference to subsequent usage and sales information and performing testing, by tracing to the supporting documents.

#### *Valuation of right-of-use assets*

Refer to significant accounting policies in note 4, key sources of estimation uncertainties in note 5 and its relevant disclosures in note 18 to the consolidated financial statements.

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

As at 31 March 2022, the Group had office premises, warehouse and retail store recorded under right-of-use assets of approximately HK\$2,877,000.

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

## Independent Auditor's Report

### KEY AUDIT MATTERS (CONTINUED)

#### *Valuation of right-of-use assets (Continued)*

Given the adverse impact on the performance of the Group's retail stores as a result of the Covid-19 pandemic, management performed impairment assessments for all the right-of-use assets in Hong Kong.

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

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

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

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

- Understanding management's process for identifying impairment indicators and challenging the judgements made by management;
- Obtaining the cash flow forecasts prepared by management, understanding the major assumptions adopted in the cash flow forecasts for each cash-generating unit and checking arithmetic accuracy of the calculation;
- Comparing the major assumptions such as growth rates to historical results and evaluating their reasonableness in light of current and expected future market conditions; and
- Evaluating the sufficiency of the disclosure of the impairment assessment by management in the consolidated financial statements.

### OTHER MATTER

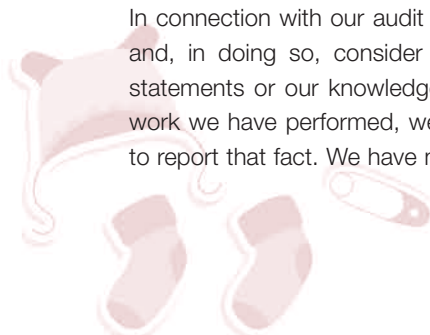
The consolidated financial statements of the Group for the year ended 31 March 2021 were audited by another auditor who expressed an unmodified opinion on those statements on 30 June 2021.

### OTHER INFORMATION

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

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

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



## Independent Auditor's Report

### RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with 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 Audit Committee assists the directors in discharging their responsibility or overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs 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 HKSAAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

## Independent Auditor's Report

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine 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.

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

*Certified Public Accountants*

#### **Hui Chi Kong**

*Audit Engagement Director*

*Practising certificate number: P07348*

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

Hong Kong, 30 June 2022



# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2022

	Notes	2022 HK\$'000	2021 HK\$'000
<b>Continuing operations</b>			
Revenue	6	74,483	87,278
Cost of sales		(42,991)	(48,022)
Gross profit		31,492	39,256
Other income, gains and losses	7	(2,410)	6,747
Reversals of impairment losses (impairment losses) on trade receivables		522	(225)
Write-down of inventories		(1,350)	(462)
Selling and distribution costs		(17,763)	(21,953)
Administrative expenses		(31,092)	(32,214)
Finance costs	8	(820)	(1,544)
Loss before tax	9	(21,421)	(10,395)
Income tax expense	13	–	–
Loss for the year from continuing operations		(21,421)	(10,395)
<b>Discontinued operations</b>			
Loss of the year from discontinued operations	14	–	(54,450)
Loss for the year		(21,421)	(64,845)
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		(871)	(3,248)
Exchange differences reclassified to profit or loss on disposal of foreign operations		3,093	–
<b>Other comprehensive income for the year, net of tax</b>		<b>2,222</b>	<b>(3,248)</b>
<b>Total comprehensive income for the year</b>		<b>(19,199)</b>	<b>(68,093)</b>
Total comprehensive income attributable to owner of the Company:			
– from continuing operations		(19,199)	(10,564)
– from discontinued operations		–	(57,529)
		(19,199)	(68,093)
(Restated)			
Loss per share:			
From continuing and discontinued operations			
Basic and diluted (HK\$)	16	(0.27)	(1.69)
From continuing operations			
Basic and diluted (HK\$)	16	(0.27)	(0.27)

# Consolidated Statement of Financial Position

As at 31 March 2022

	Notes	2022 HK\$'000	2021 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	17	2,943	711
Right-of-use assets	18	2,877	6,762
Club debentures	19	–	820
Deposits	23	1,060	1,015
		<u>6,880</u>	<u>9,308</u>
<b>Current assets</b>			
Inventories	21	6,786	20,779
Trade receivables	22	4,078	7,647
Deposits, prepayments and other receivables	23	7,257	9,192
Tax recoverable		–	385
Cash and bank balances		19,682	3,417
		<u>37,803</u>	<u>41,420</u>
<b>Current liabilities</b>			
Trade payables	24	2,879	8,901
Contract liabilities	25	97	12,975
Accruals and other payables	26	5,779	12,321
Amounts due to directors	27	1,173	–
Other borrowings	28	11,727	11,903
Lease liabilities	29	3,927	7,399
Provisions	30	1,296	16,113
Tax payables		–	631
		<u>26,878</u>	<u>70,243</u>
<b>Net current assets (liabilities)</b>		<u>10,925</u>	<u>(28,823)</u>
<b>Total assets less current liabilities</b>		<u>17,805</u>	<u>(19,515)</u>
<b>Non-current liabilities</b>			
Lease liabilities	29	1,133	2,239
Provisions	30	215	865
		<u>1,348</u>	<u>3,104</u>
<b>Net assets (liabilities)</b>		<u>16,457</u>	<u>(22,619)</u>



## Consolidated Statement of Financial Position

As at 31 March 2022

	<i>Notes</i>	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
<b>Equity</b>			
Equity attributable to owners of the Company			
Share capital	32	42,305	9,215
Reserves		<b>(25,848)</b>	(31,834)
<b>Total equity (capital deficiency)</b>		<b>16,457</b>	(22,619)

Approved and authorised for issue by the board of directors on 30 June 2022 and are signed on its behalf by:

\_\_\_\_\_  
**Mr. Yao Ruhe**  
*Director*

\_\_\_\_\_  
**Ms. Wong Ka Man**  
*Director*

# Consolidated Statement of Changes in Equity

For the year ended 31 March 2022

	Attributable to owners of the Company									
	Share capital HK\$'000	Share premium HK\$'000 <i>(note (i))</i>	Capital reserve HK\$'000 <i>(note (ii))</i>	Statutory reserve HK\$'000 <i>(note (iii))</i>	Share-based			Exchange reserve HK\$'000 <i>(note (vii))</i>	Accumulated losses HK\$'000	Total equity HK\$'000
					payment reserve HK\$'000 <i>(note (iv))</i>	Other reserve HK\$'000 <i>(note (v))</i>				
At 1 April 2020	4,615	62,131	5,987	288	-	8	1,026	(64,274)	9,781	
Total comprehensive income for the year	-	-	-	-	-	-	(3,248)	(64,845)	(68,093)	
Proceeds from placing of new shares <i>(note 32(a))</i>	4,600	32,200	-	-	-	-	-	-	36,800	
Issuing expenses of placing of new shares	-	(1,107)	-	-	-	-	-	-	(1,107)	
At 31 March 2021 and 1 April 2021	<b>9,215</b>	<b>93,224</b>	<b>5,987</b>	<b>288</b>	-	<b>8</b>	<b>(2,222)</b>	<b>(129,119)</b>	<b>(22,619)</b>	
Total comprehensive income for the year	-	-	-	-	-	-	2,222	(21,421)	(19,199)	
Share-based payments	-	-	-	-	1,038	-	-	-	1,038	
Issued of share under share option scheme <i>(note 32(c))</i>	1,361	2,580	-	-	(1,038)	-	-	-	2,903	
Rights issue and placing of new shares <i>(note 32(e))</i>	31,729	23,796	-	-	-	-	-	-	55,525	
Issuing expenses of rights issue and placing of new shares <i>(note 32(e))</i>	-	(1,191)	-	-	-	-	-	-	(1,191)	
Disposals of subsidiaries	-	-	(5,987)	(288)	-	-	-	6,275	-	
At 31 March 2022	<b>42,305</b>	<b>118,409</b>	-	-	-	<b>8</b>	-	<b>(144,265)</b>	<b>16,457</b>	





## Consolidated Statement of Changes in Equity

For the year ended 31 March 2022

*Notes:*

(i) *Share premium*

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

(ii) *Capital reserve*

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

(iii) *Statutory reserve*

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

(iv) *Share-based payments reserve*

The share-based payment reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees of the Group recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 4(s) to the consolidated financial statements.

(v) *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.

(vi) *Exchange reserve*

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

# Consolidated Statement of Cash Flows

For the year ended 31 March 2022

	2022 HK\$'000	2021 HK\$'000
<b>Cash flows from operating activities</b>		
Loss before tax		
– From continuing operations	(21,421)	(10,395)
– From discontinued operations	–	(54,450)
Adjustments for:		
Bank interest income	(2)	(5)
Gain on disposal of financial assets at fair value through profit or loss (“FVTPL”)	–	(15)
Covid-19-related rent concessions	(851)	(1,498)
Finance costs	820	2,083
(Reversals of impairment losses) impairment losses on trade receivables, net	(522)	928
Loss on disposals of subsidiaries	2,562	–
Loss on disposals of property, plant and equipment	98	3,597
Depreciation of property, plant and equipment	1,007	2,625
Depreciation of right-of-use assets	8,717	9,819
Gain on early termination of lease	–	(5,961)
Gains on disposals of right-of-use assets	–	(10,082)
Gains on disposals of club debentures	(47)	–
Share-based payments	1,038	–
Write-down of inventories	1,350	23,499
Provision of legal claim	–	14,618
Exchange difference	–	(6)
<b>Operating loss before working capital changes</b>	<b>(7,251)</b>	<b>(25,243)</b>
Decrease in inventories	12,643	12,136
Decrease in trade receivables	4,091	2,150
Decrease (increase) in deposits, prepayments and other receivables	1,675	(701)
Decrease in trade payables	(6,022)	(4,232)
(Decrease) increase in contract liabilities	(13,749)	12,281
Decrease in accruals and other payables	(6,436)	(1,512)
Increase in amounts due to directors	1,173	–
Decrease in provisions	(15,467)	–
<b>Net cash used in operations</b>	<b>(29,343)</b>	<b>(5,121)</b>
Hong Kong Profits Tax refunded	385	–
<b>Net cash used in operating activities</b>	<b>(28,958)</b>	<b>(5,121)</b>



## Consolidated Statement of Cash Flows

For the year ended 31 March 2022

	<i>Notes</i>	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
<b>Cash flows from investing activities</b>			
Interest received		2	5
Purchases of property, plant and equipment		<b>(3,393)</b>	(724)
Proceeds from disposal of property, plant and equipment		5	1,046
Proceeds from disposal of right-of-use assets		–	10,860
Proceeds from disposal of club debentures		<b>867</b>	–
Proceeds from disposal of financial assets at FVTPL		–	30,770
Withdrawal of pledged bank deposits		–	15,000
Disposals of subsidiaries	37(a)	<b>49</b>	–
<b>Net cash (used in) generated from investing activities</b>		<b>(2,470)</b>	56,957
<b>Cash flows from financing activities</b>			
Interest paid		<b>(820)</b>	(2,083)
Repayment of bank borrowings		–	(60,261)
Repayment of other borrowings		<b>(3,536)</b>	(12,900)
Proceeds from other borrowings		<b>3,360</b>	–
Repayment of lease liabilities		<b>(8,559)</b>	(13,342)
Proceeds from issue of shares from exercise of share options		<b>2,903</b>	–
Proceeds from issue of shares by rights issue and placing		<b>55,525</b>	35,693
Issuing expenses of rights issue and placing of new shares		<b>(1,191)</b>	–
<b>Net cash generated from (used in) financing activities</b>		<b>47,682</b>	(52,893)
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>16,254</b>	(1,057)
<b>Cash and cash equivalents at beginning of year</b>		<b>3,417</b>	4,494
<b>Effect of exchange rate changes on cash and cash equivalents</b>		<b>11</b>	(20)
<b>Cash and cash equivalents at end of year,</b> represented by cash and bank balances		<b>19,682</b>	3,417

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

## 1. GENERAL INFORMATION

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

The Company is an investment holding company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in the sale of baby and children garments by Original Equipment Manufacturing (“**OEM**”) and Original Brand Manufacturing (“**OBM**”). The principal activities of the subsidiaries are set out in note 35 to the consolidated financial statements.

In the opinion of the directors of the Company, as at 31 March 2022, the immediate and ultimate holding company was Joyful Cat Limited, a company incorporated in the British Virgin Islands (the “**BVI**”).

## 2. BASIS OF PREPARATION

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

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



## Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

### 3. ADOPTION OF NEW AND REVISED HKFRSs

#### (a) Application of new and revised HKFRSs

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2021 for the preparation of the consolidated financial statements:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendments to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021

Except as described below, the application of the amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

#### **Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, Interest Rate Benchmark Reform – Phase 2**

The amendments provide targeted reliefs from (i) accounting for changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities as modifications, and (ii) discontinuing hedge accounting when an interest rate benchmark is replaced by an alternative benchmark rate as a result of the reform of interbank offered rates (“**IBOR reform**”).

The amendments do not have an impact on these consolidated financial statements as the Group does not have contracts that are indexed to benchmark interest rates which are subject to the IBOR reform.

#### **Amendment to HKFRS 16, COVID-19-Related Rent Concessions beyond 30 June 2021**

The Group previously applied the practical expedient in HKFRS 16 such that as lessee it was not required to assess whether rent concessions occurring as a direct consequence of the COVID-19 pandemic were lease modifications, if the eligibility conditions are met. One of these conditions requires the reduction in lease payments affect only payments originally due on or before a specified time limit. The 2021 amendment extends this time limit from 30 June 2021 to 30 June 2022.

With the extended time limit, certain rent concessions that were previously ineligible for the practical expedient because of the original time limit, become eligible. Accordingly, these rent concessions, which were previously accounted for as lease modifications, are now accounted for as negative variable lease payments, and are recognised in profit or loss in the period in which the event or condition that triggers those payments occurred. There is no impact on the opening balance of equity at 1 April 2021.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

### 3. ADOPTION OF NEW AND REVISED HKFRSs (CONTINUED)

#### *(b) New and revised HKFRSs in issue but not yet effective*

The Group has not early applied any new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 April 2021. These new and revised HKFRSs include the following which may be relevant to the Group.

	<b>Effective for accounting periods beginning on or after</b>
Amendments to HKFRS 3 Business Combination – Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16 Property Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to HKAS 37 Provisions, Contingent Liabilities and Contingent Assets – Onerous contracts – cost of fulfilling a contract	1 January 2022
Annual Improvements to HKFRSs 2018 – 2020 Cycle	1 January 2022
Amendments to HKAS 1 Presentation of Financial Statements – Classification of liabilities as current or non-current	1 January 2023
Amendments to HKAS 1 Presentation of Financial Statements and HKFRS Practice Statement 2 Making Materiality Judgements – Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12 Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

### 4. SIGNIFICANT ACCOUNTING POLICIES

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

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



## Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

#### (a) Consolidation

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

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

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

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary determined on the date when control is lost; and (ii) the carrying amount of the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated amounts in other comprehensive income.

All intragroup transactions, balances, income and expenses and profits and losses are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

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

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (a) Consolidation (Continued)

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment loss, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

#### (b) Foreign currency translation

##### (i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is the Company's functional and presentation currency.

##### (ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the company initially recognises such non-monetary assets or liabilities. Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.





## Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (b) Foreign currency translation (Continued)

##### (iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and
- All resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities and of borrowings are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are reclassified to the consolidated profit or loss as part of the gain or loss on disposal.

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

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

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

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

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

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

#### *(d) Leases*

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

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

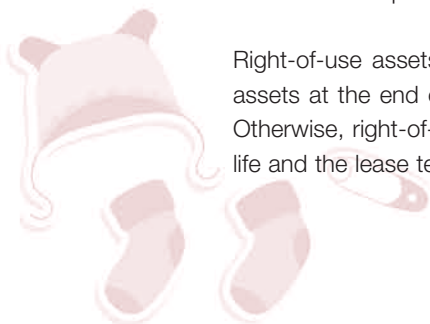
Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

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

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

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

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



## Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *(d) Leases (Continued)*

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

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

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("**Lease Modification**") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of HKFRS 16. In such cases, the Group took advantage of the practical expedient not to assess whether the rent concessions are lease modifications, and recognised the change in consideration as negative lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

#### *(e) Club debentures*

Club debentures with indefinite useful life is stated at cost less any impairment losses. Impairment is reviewed annually or when there is any indication that the club debentures has suffered an impairment loss.

#### *(f) Inventories*

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

#### *(g) Contract liabilities*

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss (“FVTPL”)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Group derecognises financial liabilities when, and only when, the Group’s obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

#### (i) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

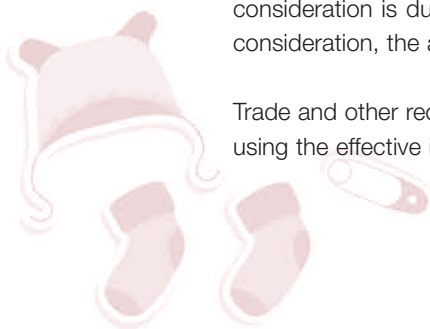
#### Debt instruments

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

#### (j) Trade and other receivables

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

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



## Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

#### **(l) Discontinued operations**

A discontinued operation is a component of the Group (i.e. the operations and cash flows of which can be clearly distinguished from the rest of the Group) that either has been disposed of, or is classified as held for sale, and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the component meets the criteria to be classified as held for sale in accordance with HKFRS 5, if earlier. It also occurs when the component is abandoned.

When an operation is classified as discontinued, a single amount is presented in the statement of profit or loss, which comprises:

- The post-tax profit or loss of the discontinued operation; and
- The post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group constituting the discontinued operation.

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

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

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

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

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (o) Borrowings

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

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

#### (p) Equity instruments

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

#### (q) Revenue and other income

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

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

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

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost or FVTOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.



## Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *(r) Employee benefits*

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

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

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

##### **(ii) Pension obligations**

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

##### **(iii) Termination benefits**

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

#### *(s) Share-based payments*

The Group issues equity-settled share-based payments to certain directors and employees. Equity-settled share-based payments to directors and employees are measured at the fair value (excluding the effect of non-market based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

#### *(t) Government grants*

Government grants are recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (u) Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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

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

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

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

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

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.





## Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *(u) Taxation (Continued)*

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

#### *(v) Related parties*

A related party is a person or entity that is related to the Group.

(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 the key management personnel of the Company or of a parent of the Company.

(B) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Company 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 employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also 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 the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group which it is a part, provides key management personnel services to the Company or to a parent of the Company.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *(w) Borrowing costs*

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

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

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

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

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

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

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

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

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

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



## Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

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

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

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

##### **Definition of default**

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

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

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

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

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

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



## Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

##### **Measurement and recognition of ECL**

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date, as determined based on the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

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

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

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

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

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

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

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *(aa) Events after the reporting period*

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

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

#### *Critical judgements in applying accounting policies*

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

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

ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. HKFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward looking information.

#### *Key sources of estimation uncertainty*

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

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

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash-generating unit to which the assets belongs. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

The carrying amount of property, plant and equipment and right-of-use assets as at 31 March 2022 were approximately HK\$2,943,000 (2021: HK\$711,000) and HK\$2,877,000 (2021: HK\$6,762,000) respectively.



## Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

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

#### *Key sources of estimation uncertainty (Continued)*

##### **(b) Net realisable value of inventories**

Allowance for slow-moving inventories is made based on the ageing and estimated net realisable value of inventories. The assessment of the allowance amount involves judgement and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and allowance charge/write-back in the period in which such estimate has been changed.

Allowance for slow-moving inventories of approximately HK\$1,350,000 was made for the year ended 31 March 2022 (2021: HK\$23,499,000).

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

The management of the Group estimates the amount of impairment losses for ECL on trade receivables based on the credit risk of trade receivables. The amount of the impairment losses based on ECL model is 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, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment losses may arise.

As at 31 March 2022, the carrying amount of trade receivables is approximately HK\$4,078,000 (net of allowance for doubtful debts of HK\$15,000) (2021: HK\$7,647,000 (net of allowance for doubtful debts of HK\$3,710,000)).

##### **(d) Fair value of share-based payments**

As disclosed in note 31 to the consolidated financial statements, the fair value of the share based payments at the date of grant were determined using Binomial Option Pricing Model. Application of Binomial Option Pricing Model requires the Group to estimate the prominent factors affecting the fair value, including but not limited to, the expected volatility of the share prices of the Company and the exercise multiple. Changing the those factors could materially affect the fair value of share-based payments.

The fair value of the share-based payments at the grant date for the year ended 31 March 2022 was approximately HK\$1,038,000 (2021: Nil).

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

### 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 (“**CODM**”), that are used to allocate resources and assess performance, which are analysed based on business as follows:

OEM	OEM business directly to the overseas brand companies or designated sourcing companies mainly located in Hong Kong (“ <b>HK</b> ”) and the United Kingdom (the “ <b>UK</b> ”); and
OBM	OBM business under our own brand “Mides” and complementary third party brand products through self-operated retail stores and department store counters in HK, and wholesale in HK, the PRC and Macau.

The accounting policies of the operating segments are the same as those described in note 4 to the consolidated financial statements. Segment profits or losses do not include certain other income, gains and losses and unallocated corporate expenses. Segment assets and liabilities are not presented in the consolidated financial statements as they are not regularly reviews by the CODM.

#### *Segment revenue and results*

The following is an analysis of the Group’s revenue and results from continuing operations by reportable segments.

Year ended 31 March 2022	OEM HK\$’000	OBM HK\$’000	Total HK\$’000
<b>Revenue recognised at a point in time within the scope of HKFRs 15</b>			
External sales	<u>43,690</u>	<u>30,793</u>	<u>74,483</u>
<b>RESULTS</b>			
Segment results	<u>(3,887)</u>	<u>(2,049)</u>	<u>(5,936)</u>
Unallocated expenses			<u>(15,485)</u>
Loss before tax			<u>(21,421)</u>
Year ended 31 March 2021	OEM HK\$’000	OBM HK\$’000	Total HK\$’000
<b>Revenue recognised at a point in time within the scope of HKFRs 15</b>			
External sales	<u>44,237</u>	<u>43,041</u>	<u>87,278</u>
<b>RESULTS</b>			
Segment results	<u>7,009</u>	<u>(10,310)</u>	<u>(3,301)</u>
Unallocated expenses			<u>(7,094)</u>
Loss before tax			<u>(10,395)</u>





## Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

### 6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

#### *Other segment information*

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

Year ended 31 March 2022	OEM HK\$'000	OBM HK\$'000	Unallocated HK\$'000	Total HK\$'000
<b>Continuing operations</b>				
Additions of property, plant and equipment	3,306	87	-	3,393
(Loss) gain on disposal of property, plant and equipment	(92)	3	(9)	(98)
Depreciation of right-of-use assets	(2,403)	(6,314)	-	(8,717)
Depreciation of property, plant and equipment	(153)	(851)	(3)	(1,007)
Reversal of impairment losses on trade receivables	522	-	-	522
Write-down of inventories	-	(1,350)	-	(1,350)
<hr/>				
Year ended 31 March 2021	OEM HK\$'000	OBM HK\$'000	Unallocated HK\$'000	Total HK\$'000
<b>Continuing operations</b>				
Additions of property, plant and equipment	380	177	-	557
Loss on disposal of property, plant and equipment	(1)	(323)	-	(324)
Depreciation of right-of-use assets	(432)	(9,377)	-	(9,809)
Depreciation of property, plant and equipment	(170)	(957)	(3)	(1,130)
Impairment losses on trade receivables	(225)	-	-	(225)
Write-down of inventories	-	(462)	-	(462)

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

### 6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

#### *Other segment information (Continued)*

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

	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
PRC, Macau and Taiwan	<b>11,619</b>	2,033
HK	<b>53,339</b>	37,743
UK	<b>9,525</b>	47,502
	<b>74,483</b>	87,278

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

	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
HK	<b>5,820</b>	8,230
PRC	<b>–</b>	63
	<b>5,820</b>	8,293

#### *Information about major customers*

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

	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
Customer A	<b>12,139</b>	–
Customer B	<b>10,978</b>	N/A*
Customer C	<b>N/A*</b>	22,505
Customer D	<b>N/A*</b>	9,236

\* Transaction from these customers did not exceed 10% of the Group's revenue in the respective year.



## Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

### 7. OTHER INCOME, GAINS AND LOSSES

	2022 HK\$'000	2021 HK\$'000
<b>Continuing operations</b>		
Bank interest income	2	2
Government grants ( <i>note</i> )	-	5,184
Sundry income	-	773
Commission income	-	965
Gain on disposal of financial assets at FVTPL	-	15
Gain on disposal of club debentures	47	-
Loss on disposals of property, plant and equipment	(98)	(324)
Loss on disposals of subsidiaries	(2,562)	-
Gain on early termination of leases	-	1,009
Net foreign exchange gain (losses)	201	(877)
	<u>(2,410)</u>	<u>6,747</u>

*Note:*

Government grants represent subsidies from the Government of the Hong Kong Special Administrative Region under the Employment Support Scheme. At the end of the reporting period, there is no unfulfilled conditions nor other contingencies attached to the government grants.

### 8. FINANCE COSTS

	2022 HK\$'000	2021 HK\$'000
<b>Continuing operations</b>		
Interests on bank borrowings	-	314
Interests on a loan from a director	-	588
Interests on other borrowings	441	51
Interests on lease liabilities	379	591
	<u>820</u>	<u>1,544</u>

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

### 9. LOSS BEFORE TAX

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

	2022 HK\$'000	2021 HK\$'000
Continuing operations		
Employee benefit expenses (excluding the directors' remuneration):		
– Salaries, allowances and other benefits	16,297	20,018
– Share-based payments	938	–
– Pension scheme contributions	620	722
Total staff costs	<u>17,855</u>	<u>20,740</u>
Auditor's remuneration	520	650
Cost of inventories recognised as an expenses	42,991	48,022
Depreciation of property, plant and equipment	1,007	1,130
Depreciation of right-of-use assets	8,717	9,809
Gain on disposal of financial assets at FVTPL	–	(15)
Loss on disposals of property, plant and equipment	98	324
Loss on disposals of subsidiaries	2,562	–
Gain on early termination of lease	–	(1,009)
Net foreign exchange (gains) losses	(201)	877
Provision for legal claim	–	14,618
(Reversals of impairment losses) impairment losses on trade receivable	(522)	225
Write-down of inventories	<u>1,350</u>	<u>462</u>

### 10. DIRECTORS' REMUNERATION

Directors' remuneration during the year is as follows:

Year ended 31 March 2022	Fees, salaries, allowances and other benefits HK\$'000	Discretionary bonus HK\$'000	Share-based payments HK\$'000	Pension scheme contributions HK\$'000	Total HK\$'000
<i>Executive Directors:</i>					
Mr. Cheung Desmond Lap Wai (note (xii))	200	–	–	–	200
Mr. Kwan Kar Man (note (iii))	10	–	–	–	10
Ms. Wong Ka Man (note (iv))	100	–	50	–	150
Mr. Yao Ruhe (note (v))	–	–	50	–	50
<i>Independent non-executive Directors:</i>					
Mr. Cho Chi Kong (note (vii))	–	–	–	–	–
Mr. Tan Yik Chung Wilson (note (viii))	15	–	–	–	15
Mr. Wang Rongqian (note (ix))	100	–	–	–	100
Mr. Wu Chi King (note (x))	91	–	–	–	91
Ms. Wong Ying Yu (note (xi))	45	–	–	–	45
	<u>561</u>	<u>–</u>	<u>100</u>	<u>–</u>	<u>661</u>



## Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

### 10. DIRECTORS' REMUNERATION (CONTINUED)

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

*Notes:*

- (i) Ms. Luk Sau Kuen resigned on 24 April 2020.
- (ii) Mr. Chin Wai Keung Richard resigned on 28 June 2020.
- (iii) Mr. Kwan Kar Man was appointed on 8 May 2020 and resigned on 1 April 2022.
- (iv) Ms. Wong Ka Man was appointed on 17 March 2021.
- (v) Mr. Yao Ruhe was appointed on 12 May 2021.
- (vi) Mr. Choi Wing San Wilson was resigned on 25 January 2021.
- (vii) Mr. Cho Chi Kong resigned on 1 June 2021.
- (viii) Mr. Tan Yik Chung Wilson resigned on 27 April 2021.
- (ix) Mr. Wang Rongqian was appointed on 25 January 2021 and resigned on 1 April 2022.
- (x) Mr. Wu Chi King was appointed on 28 June 2021.
- (xi) Ms. Wong Ying Yu was appointed on 28 June 2021.
- (xii) Mr. Cheung Desmond Lap Wai resigned on 16 February 2022.

There was no arrangement under which a director waived or agreed to waive any emolument during the year (2021: Nil).

During the year, no emolument has been paid to the directors as an inducement to join or upon joining the Group; or as compensation for loss of office (2021: Nil).

Save for disclosed in note 36 to the consolidated financial statements, no significant transaction, arrangement and contract in relation to the Group's business to which the Company was a party and in which a director of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

### 11. FIVE HIGHEST PAID INDIVIDUALS

No director included in the five highest paid individuals of the Group during the year (2021: one director). Details of the emoluments in respect of the remaining five (2021: four) individuals are as follows:

	2022 HK\$'000	2021 HK\$'000
Salaries, allowances and other benefits	4,703	4,710
Pension scheme contributions	102	64
	<u>4,805</u>	<u>4,774</u>

The emoluments fell within the following band:

	Number of individuals	
	2022	2021
Nil to HK\$1,000,000	4	3
HK\$3,000,000 to HK\$3,500,000	<u>1</u>	<u>1</u>

During the years ended 31 March 2022 and 2021, no remuneration was paid by the Group to any of the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

### 12. RETIREMENT BENEFIT SCHEMES

The Group operates a mandatory provident fund scheme (the “**MPF Scheme**”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The Group’s contributions to the MPF Scheme are calculated at 5% (2021: 5%) of the salaries and wages subject to a monthly maximum amount of HK\$1,500 (2021: HK\$1,500) per employee and vest fully with employees when contributed into the MPF Scheme.

As stipulated under the relevant rules and regulations in the PRC, the employees of the Group’s subsidiaries established in the PRC are members of a central pension scheme operated by the local municipal government. These subsidiaries is required to contribute certain percentage of the employees’ basic salaries and wages to the central pension scheme to fund the retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of these subsidiaries. The only obligation of these subsidiaries with respect to the central pension scheme is to meet the required contributions under the scheme.



## Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

### 13. INCOME TAX EXPENSE

Under the two-tiered profits tax rates regime in Hong Kong profits tax, the first HK\$2,000,000 of profits of the qualifying corporation are taxed at 8.25%, and profits above HK\$2,000,000 are taxed at 16.5% of the estimated assessable profits for the years ended 31 March 2022 and 2021.

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

No provision for Hong Kong Profits Tax and Enterprise Income Tax is required since the Group has no assessable profit for the year (2021: Nil).

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

	2022 HK\$'000	2021 HK\$'000
Loss before tax from continuing operations	<b>(21,421)</b>	(10,395)
Tax at the applicable tax rate at 16.5% (2021: 16.5%)	<b>(3,534)</b>	(1,715)
Tax effect of non-taxable income	<b>(45)</b>	(1,085)
Tax effect of non-deductible expenses	<b>1,810</b>	1,721
Tax effect of temporary difference not recognised	<b>(560)</b>	65
Tax loss not recognised	<b>2,251</b>	1,052
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	<b>78</b>	(38)
Income tax expense	<b>-</b>	-

### 14. DISCONTINUED OPERATIONS

During the year 2021, the Group entered into a sale and purchase agreement with an independent third party to dispose a land parcel situated in Zhongshan, the PRC, at a cash consideration of RMB11,000,000 (equivalent to approximately HK\$12,286,000). The carrying amount of the land parcel amounted to approximately HK\$778,000 and a gain on disposal amounting to approximately HK\$10,082,000 was recognised in profit or loss, after netting of the relevant tax charges of approximately HK\$1,426,000.

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

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

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

### 14. DISCONTINUED OPERATIONS (CONTINUED)

	2021 HK\$'000
Revenue	40,379
Cost of sales	<u>(57,773)</u>
Gross loss	(17,394)
Other income, gains and losses	(639)
Provision of expected credit losses on trade receivables	(703)
Write-down of inventories	(23,037)
Gain on early termination of leases	4,952
Gain on disposal of right-of-use assets	10,082
Loss on disposals on property, plant and equipment	(3,273)
Provision of legal case	(14,618)
Administrative expense	(9,281)
Finance costs	<u>(539)</u>
Loss for the year	<u><u>(54,450)</u></u>

Loss for the year from discontinued operations includes the followings:

	2021 HK\$'000
Additions of property, plant and equipment	167
Cost of inventories sold	57,773
Employee benefit expenses	6,295
Depreciation of property, plant and equipment	1,495
Depreciation of right-of-use assets	10
Interest on lease liabilities	228
Write-down of inventories	<u><u>23,037</u></u>

During the year 2021, the discontinued operation contributed approximately HK\$18,792,000 to the Group's net operating cash inflows, received approximately HK\$199,000 in respect of investing activities and paid approximately HK\$17,433,000 in respect of financing activities.





## Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

### 15. DIVIDEND

No dividend was declared and paid during the years ended 31 March 2022 and 2021.

### 16. LOSS PER SHARE

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

	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
<b>Loss for the year</b>		
Loss attributable to the owners of the Company for the purposes of basic and diluted loss per share from continuing operations	<b>(21,421)</b>	(10,395)
Loss for the year from discontinued operations	<b>–</b>	(54,450)
Loss for the year attributed to the owners of the Company	<b>(21,421)</b>	(64,845)
	<b>2022</b>	2021 (Restated)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	<b>78,241,154</b>	38,470,729

No diluted loss per share were presented as there were no potential ordinary shares in issue for the year ended 31 March 2021 and the effect of share options did not give rise to dilution effect for the year ended 31 March 2022.

For the years ended 31 March 2022 and 2021, the weighted average number of ordinary shares for the purpose of basic and diluted loss per share has been adjusted to take into effect of the share consolidation and bonus element in the rights issue with effect from 17 June 2021 and 8 February 2022 respectively as if it had been effective on 1 April 2020.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

### 17. 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
<b>Cost:</b>						
As at 1 April 2020	13,872	11,248	27,936	16,681	742	70,479
Additions	-	467	-	77	180	724
Disposals	(14,248)	(6,452)	(27,505)	(8,880)	(142)	(57,227)
Exchange realignment	376	36	733	288	31	1,464
As at 31 March 2021 and 1 April 2021	-	5,299	1,164	8,166	811	15,440
Additions	-	80	-	3,313	-	3,393
Disposals	-	(4,652)	-	(1,063)	(117)	(5,832)
Disposals of subsidiaries	-	-	-	(29)	(280)	(309)
Exchange realignment	-	-	-	-	8	8
<b>As at 31 March 2022</b>	<b>-</b>	<b>727</b>	<b>1,164</b>	<b>10,387</b>	<b>422</b>	<b>12,700</b>
<b>Accumulated depreciation and impairment losses:</b>						
As at 1 April 2020	12,666	10,415	25,082	14,615	602	63,380
Depreciation	-	1,289	350	972	14	2,625
Eliminated on disposals	(12,822)	(6,919)	(24,918)	(7,860)	(65)	(52,584)
Exchange realignment	156	224	650	255	23	1,308
As at 31 March 2021 and 1 April 2021	-	5,009	1,164	7,982	574	14,729
Depreciation	-	166	-	787	54	1,007
Eliminated on disposals	-	(4,560)	-	(1,062)	(107)	(5,729)
Disposals of subsidiaries	-	-	-	(26)	(230)	(256)
Exchange realignment	-	-	-	-	6	6
<b>As at 31 March 2022</b>	<b>-</b>	<b>615</b>	<b>1,164</b>	<b>7,681</b>	<b>297</b>	<b>9,757</b>
<b>Net carrying amount:</b>						
<b>As at 31 March 2022</b>	<b>-</b>	<b>112</b>	<b>-</b>	<b>2,706</b>	<b>125</b>	<b>2,943</b>
As at 31 March 2021	-	290	-	184	237	711

During the year, the Group assessed the recoverable amount of the CGU and no impairment loss was recognised in the consolidated profit or loss in respect of property, plant and equipment attributable to that CGU (2021: Nil). Details of the impairment assessment are disclosed in note 18(e) to the consolidated financial statements.



## Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

### 18. RIGHT-OF-USE ASSETS

	Office premises	Warehouse and retail stores	Other leases	Land use right	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	<i>(note (a))</i>	<i>(note (a))</i>	<i>(note (b))</i>	<i>(note (c))</i>	
As at 1 April 2020	–	10,423	2	788	11,213
Additions	2,596	3,779	–	–	6,375
Depreciation charge	(199)	(9,609)	(1)	(10)	(9,819)
Termination of lease	–	(115)	(1)	–	(116)
Disposals	–	–	–	(778)	(778)
Modification	–	(160)	–	–	(160)
Exchange realignment	–	47	–	–	47
As at 31 March 2021 and 1 April 2021	<b>2,397</b>	<b>4,365</b>	–	–	<b>6,762</b>
Additions	–	4,832	–	–	4,832
Depreciation charge	<b>(2,397)</b>	<b>(6,320)</b>	–	–	<b>(8,717)</b>
<b>As at 31 March 2022</b>	<b>–</b>	<b>2,877</b>	–	–	<b>2,877</b>

	2022 HK\$'000	2021 HK\$'000
Depreciation of right-of-use asset	<b>8,717</b>	9,819
Interest expenses on lease liabilities	<b>379</b>	819
Expense relating to short-term leases	<b>3,989</b>	991
Expense relating to leases of low-value assets	–	48
Variable lease payments not included in the measurement of lease liabilities <i>(notes (a) and (d))</i>	<b>412</b>	294

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

### 18. RIGHT-OF-USE ASSETS (CONTINUED)

*Notes:*

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

The Group leases a number of retail stores which contain variable lease payment terms that are based on sales generated from the retail stores and minimum annual lease payment terms that are fixed. These payment terms are common in retail stores in Hong Kong where the Group operates.

- (b) The Group leases some premises for the accommodation of some employees under leases expiring from two to five years with fixed lease payment terms. Leases include an option to renew the lease when all terms are renegotiated. None of the leases include variable lease payments.
- (c) The Group held land use rights in the PRC. The right of use of the leasehold lands in the PRC were subject to the expiry in 2046. Lump sum payments were made upfront to acquire these land use rights from their previous owners, and there were no ongoing payments to be made under the terms of the land lease, other than payments based on rateable values set by the relevant government authorities. These payments varied from time to time and were payable to the relevant government authorities.

During the year 2021, the land use rights were disposed to an independent third party. For details of the disposal, please refer to Note 14 to the consolidated financial statements.

- (d) During the years ended 31 March 2022 and 2021, lessors of warehouse and retail stores provided rent concessions to the Group through rent reductions.

These rent concessions occurred as a direct consequence of Covid-19 pandemic and met all of the conditions in HKFRS 16.46B, and the Group applied the practical expedient not to assess whether the changes constitute lease modifications. The effects on changes in lease payments due to forgiveness or waiver by the lessors for the relevant lease of approximately HK\$851,000 (2021: HK\$1,498,000) were recognised as negative lease payments.

- (e) For the year ended 31 March 2022, no significant impairment loss on right-of-use assets is recognised by the Group (2021: Nil).

The recoverable amounts of CGUs are determined based on the higher of fair values less cost to dispose and value in use calculation. The recoverable amount of the CGU has been determined based on value in use calculations. These calculations use cash flow projections based on the most recent financial forecasts approved by the directors of the Company covering the period from one to five years which is assessed with reference to the useful life of the allocated assets. The key assumptions for the cash flow projections are those regarding the discount rates, annual projected revenue over five-year period and growth rates. The Group estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The annual projected revenue over five-year period and growth rates are based on past performance and expectations of market development. The key assumptions used for the cash flow projections of the CGUs in 2022 are a discount rate of 13.84% (2021: 12.62%).



## Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

### 19. CLUB DEBENTURES

As at 31 March 2021, the club debentures were stated at cost less accumulated impairment losses, the directors of the Company considered that there was no impairment of the club debentures since the market price less costs to sell were higher than its carrying value. During the year ended 31 March 2022, the club debentures were disposed at a consideration of approximately HK\$867,000.

### 20. DEFERRED TAX ASSETS

As at 31 March 2022, no deferred tax asset has been recognised in respect of the unused tax losses amounting to approximately HK\$36,995,000 (2021: HK\$28,031,000) due to the unpredictability of future profit streams of the Hong Kong subsidiaries. The unused tax losses do not expire under current tax legislation.

As at 31 March 2021, no deferred tax asset has been recognised in respect of the unused tax losses amounting to approximately HK\$55,452,000 (equivalent to RMB47,053,000) due to the unpredictability of future profit streams of the PRC subsidiaries. The unused tax losses will expire in five years. The PRC subsidiaries were disposed during the year ended 31 March 2022.

### 21. INVENTORIES

	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
Raw materials	–	4,760
Work in progress	–	6,027
Finished goods	<b>6,786</b>	9,992
	<b>6,786</b>	20,779

A write-down of inventories of approximately HK\$1,350,000 was recognised during the year ended 31 March 2022 (2021: approximately HK\$23,499,000).

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

### 22. TRADE RECEIVABLES

	2022 HK\$'000	2021 HK\$'000
Trade receivables, gross	4,093	11,357
Less: allowance for credit losses	(15)	(3,710)
Trade receivables, net	<u>4,078</u>	<u>7,647</u>

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

	2022 HK\$'000	2021 HK\$'000
Within 30 days	3,665	1,752
31 days to 120 days	413	5,315
121 days to 1 year	-	572
More than 1 year	-	8
	<u>4,078</u>	<u>7,647</u>

The Group's trading terms with wholesales customers are mainly on credit. The credit terms generally range from 30 to 90 days. Each customer has a maximum credit limit. For new customers, payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

### 23. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2022 HK\$'000	2021 HK\$'000
<b>Non-current</b>		
Rental and utilities deposits	<u>1,060</u>	<u>1,015</u>
<b>Current</b>		
Rental and utilities deposits	3,227	5,416
Prepayments	3,969	3,597
Other receivables	61	179
	<u>7,257</u>	<u>9,192</u>



## Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

### 24. TRADE PAYABLES

	2022 HK\$'000	2021 HK\$'000
Trade payables	<u>2,879</u>	<u>8,901</u>

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

	2022 HK\$'000	2021 HK\$'000
Within 30 days	751	655
31 days to 1 year	667	7,777
More than 1 year	<u>1,461</u>	<u>469</u>
	<u>2,879</u>	<u>8,901</u>

### 25. 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.

	2022 HK\$'000	2021 HK\$'000
Billing in advance of sale of goods to customers of OBM business	–	12,938
Billing in advance of sale of goods to customers of OEM business	<u>97</u>	<u>37</u>
	<u>97</u>	<u>12,975</u>

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

	2022 HK\$'000	2021 HK\$'000
Balance as at beginning of the year	12,975	97
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(12,975)	(97)
Increase in contract liabilities as a result of billing in advance of sale of goods	<u>97</u>	<u>12,975</u>
Balance as at end of the year	<u>97</u>	<u>12,975</u>

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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

### 26. ACCRUALS AND OTHER PAYABLES

	2022 HK\$'000	2021 HK\$'000
Other payables	135	3,133
Accrued expenses	5,644	9,188
	<u>5,779</u>	<u>12,321</u>

### 27. AMOUNTS DUE TO DIRECTORS

The amounts due are unsecured, interest free and repayable on demand.

### 28. OTHER BORROWINGS

On 23 October 2019, the Group entered into an agreement with an independent third party to borrow a loan of HK\$2,357,000. The loan is repayable on demand, unsecured and interest-free. The loan balance was fully settled during the year ended 31 March 2022.

On 3 December 2019, the Group entered into an agreement with an independent third party to borrow a loan of HK\$1,179,000. The loan is repayable on demand, unsecured and interest-free. The loan balance was fully settled during the year ended 31 March 2022.

On 17 May 2019, the Group entered into an agreement with a former director, who resigned on 24 April 2020, to borrow a loan of HK\$20,000,000. The loan is unsecured and the effective interest rate is 4% per annum and repayable on demand (2021: matures on 30 June 2021) as at 31 March 2022. On 24 April 2020, the outstanding balance of HK\$8,367,000 was reclassified to other borrowing. On 3 August 2021, the Group entered into an agreement with the same former director to borrow a loan of HK\$3,360,000. The loan which matured on 2 August 2022, was unsecured, the effective interest rate was 5% per annum.





## Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

### 29. LEASE LIABILITIES

	Minimum lease payments		Present value of minimum lease payments	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
<b>Lease liabilities payable:</b>				
Within one year	4,117	7,653	3,927	7,399
Within a period of more than one year but not exceeding two years	1,087	2,283	1,133	2,239
	5,204	9,936	5,060	9,638
Less: future finance charges	(144)	(298)	N/A	N/A
Present value of lease liabilities	5,060	9,638	5,060	9,638
Less: Amount due for settlement with 12 months shown under current liabilities			(3,927)	(7,399)
Amount due for settlement after 12 months shown under non-current liabilities			1,133	2,239

The incremental borrowing rates applied to lease liabilities range from 4.25% to 4.37% (2021: from 4.25% to 4.37%).

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

### 30. PROVISIONS

	2022 HK\$'000	2021 HK\$'000
Analysed for reporting purpose as:		
Non-current liabilities	215	865
Current liabilities	1,296	16,113
	<u>1,511</u>	<u>16,978</u>

	Long service payment HK\$'000	Reinstatement cost HK\$'000	Litigation HK\$'000	Total HK\$'000
At 1 April 2020	554	–	–	554
Addition during the year	–	1,450	14,618	16,068
Utilisation of provision	–	(350)	–	(350)
Exchange realignment	–	–	706	706
<b>As at 31 March 2021 and 1 April 2021</b>	<u><b>554</b></u>	<u><b>1,100</b></u>	<u><b>15,324</b></u>	<u><b>16,978</b></u>
<b>Utilisation of provision</b>	<u><b>–</b></u>	<u><b>(143)</b></u>	<u><b>(15,324)</b></u>	<u><b>(15,467)</b></u>
<b>As at 31 March 2022</b>	<u><b>554</b></u>	<u><b>957</b></u>	<u><b>–</b></u>	<u><b>1,511</b></u>

On 28 April 2021, Mei Li Hua Children Garment Company Limited (“Mei Li Hua”), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company, received two arbitral awards made by the Arbitration Court of the Zhongshan City Labour Human Resources Disputes Arbitration Commission on 12 April 2021 and 20 April 2021 respectively, in relation to two claims from 200 employees and 86 employees against Mei Li Hua in Arbitration Court for wages and benefit compensation in the sum totalling approximately RMB11,683,000 (equivalent to approximately HK\$13,133,000). After assessment by the management, a full provision was made for the year accordingly. During the year ended 31 March 2022, the provisions was fully settled.



## Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

### 31. SHARE OPTION SCHEME

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

- (i) The purpose of the Share Option Scheme is to enable the Group to grant options to the eligible participants as incentives or rewards for their contribution to the Group;
- (ii) Share Option Scheme can be granted to eligible participants of the Company, being any eligible employee (including executive director), non-executive director (including independent non-executive director) of the Company or subsidiary; and any invested entity, advisers, consultants and any group classes of participants who contributed of the Company or growth of the Group;
- (iii) The maximum number of shares of the Company may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Share Option Scheme and any other share option schemes adopted by the Group shall not exceed 30% of the shares of the Company in issue from time to time;
- (iv) Pursuant to the Share Option Scheme, the total number of share which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Group must not in aggregated exceed 10% of the shares of the Company on the day on which dealings in the shares first commence on the Stock Exchange;
- (v) The Share Option Scheme must be approved by any of director, chief executive and substantial shareholders of the Company, the total number of share issued upon exercise of the option granted under any other share option scheme of the Group (including both exercised and outstanding options) shall not exceed 1% of the share of the Company in issue within twelve month period;
- (vi) The period within which the option must be exercised will be specified by the Company at the time of grant. This period must expire no later than ten years from the date of the offer date of the options; and
- (vii) The subscription price for the shares of the Company to be issued shall not be less than the highest of: (a) the closing price of the shares as stated in the Stock Exchange’s daily quotation sheets on the offer date, (b) the average closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange of Hong Kong Limited for the five business days immediately preceding the offer date granted; and (c) the par value or nominal amount of the share of the Company on the date of grant.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

### 31. SHARE OPTION SCHEME (CONTINUED)

An aggregate of 2,000,000 and 4,807,380 share options with exercise price of HK\$0.3 and HK\$0.479 per share (“Share Options”) entitling the directors and employees to subscribe for 2,000,000 and 4,807,380 shares of the Company were granted on 9 July 2021 and 5 October 2021 respectively. Details of the Share Options are set out below:

	Date of grant	Exercisable period (both dates inclusive)	Exercise price per shares HK\$	Outstanding at 1 April 2021	Granted during the Year	Number of share options		Exercised during the Year	Outstanding as at 31 March 2022
						Lapsed during the Year	Cancelled during the Year		
Executive Director									
Ms. Wong Ka Man (note a)	9 July 2021	9 July 2021 to 8 July 2031	0.3	-	400,000	-	-	(400,000)	-
Mr. Yao Ruhe (note a)	9 July 2021	9 July 2021 to 8 July 2031	0.3	-	400,000	-	-	(400,000)	-
Employees (note a)	9 July 2021	9 July 2021 to 8 July 2031	0.3	-	1,200,000	-	-	(1,200,000)	-
Employees (note b)	5 October 2021	5 October 2021 to 4 October 2031	0.479	-	4,807,380	-	-	(4,807,380)	-
				-	6,807,380	-	-	(6,807,380)	-

Notes:

- (a) The total of 400,000 share options were exercised by an eligible employee on 28 July 2021 and the shares were issued and allotted on 30 July 2021. The rest of 1,600,000 share options were exercised by the eligible Directors and employees on 30 July 2021 and the shares were issued and allotted on 3 August 2021.
- (b) The total of 4,807,380 share options were exercised by the eligible employees on 15 October 2021 and 19 October 2021 respectively and the shares were issued and allotted on 18 October 2021 and 22 October 2021 respectively.
- (c) The share price at the date of exercise for share options exercised were HK\$0.42, HK\$0.53, HK\$0.48 and HK\$0.485 on 30 July 2021, 3 August 2021, 18 October 2021 and 22 October 2021 respectively.

These fair values were calculated using the Binomial Option Pricing Model. The inputs into the model are as follows:

	Share Options		
	9 July 2021	9 July 2021	5 October 2021
Grantees	directors	employees	employees
Weighted average share price	0.3	0.3	0.455
Weighted average exercise price	0.3	0.3	0.479
Expected volatility	123%	123%	127%
Exercise multiple	2.8	2.2	2.2
Expected life	10 years	10 years	10 years
Risk free rate	1.192%	1.192%	1.328%
Expected dividend yield	Nil	Nil	Nil
Number of shares granted	800,000	1,200,000	4,807,380
Estimated fair value at the measurement date	119,000	131,000	788,000



## Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

### 31. SHARE OPTION SCHEME (CONTINUED)

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous years from the Company was listed on 26 January 2018.

ValQuest Advisory (Hong Kong) Limited is an independent firm of professional valuer appointed by the Company to carry out the fair value of above Share Options.

The equity-settled share-based payment charged to the profit or loss was approximately HK\$1,038,000 (2021: Nil) for the year ended 31 March 2022.

### 32. SHARE CAPITAL

	Notes	Number of shares		Amount
		At HK\$0.01 per share	At HK\$0.2 per share	HK\$,000
Authorised ordinary shares:				
<b>As at 1 April 2020, 31 March 2021 and 1 April 2021</b>		<b>2,000,000,000</b>	<b>–</b>	<b>20,000</b>
<b>Share consolidation</b>	(b)	<b>(2,000,000,000)</b>	<b>100,000,000</b>	<b>–</b>
<b>Increase of authorised ordinary shares</b>	(d)	<b>–</b>	<b>400,000,000</b>	<b>80,000</b>
<b>As at 31 March 2022</b>		<b>–</b>	<b>500,000,000</b>	<b>100,000</b>
Issue and fully paid ordinary shares:				
As at 1 April 2020		461,476,000	–	4,615
Placing of new shares	(a)	460,000,000	–	4,600
<b>As at 31 March 2021 and 1 April 2021</b>		<b>921,476,000</b>	<b>–</b>	<b>9,215</b>
<b>Share consolidation</b>	(b)	<b>(921,476,000)</b>	<b>46,073,800</b>	<b>–</b>
<b>Issue of ordinary shares under share option scheme</b>	(c)	<b>–</b>	<b>6,807,380</b>	<b>1,361</b>
<b>Rights Issue and placing of new shares</b>	(e)	<b>–</b>	<b>158,643,540</b>	<b>31,729</b>
<b>As at 31 March 2022</b>		<b>–</b>	<b>211,524,720</b>	<b>42,305</b>

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

### 32. SHARE CAPITAL (CONTINUED)

*Notes:*

- (a) On 7 August 2020, the Company and the Placing Agent, entered into a placing agreement in respect of the placing of 460,000,000 ordinary shares (the "Placing Shares") at a price of HK\$0.08 per Placing Share under specific mandate (the "First Placing"). The First Placing was completed on 16 October 2020. The net proceeds from the First Placing, after deduction of share issue expenses of approximately HK\$1.1 million, was approximately HK\$35.7 million.

Details of the Placing were disclosed in announcements and circular of the Company dated 7 August 2020, 28 August 2020 and 16 October 2020 respectively.

- (b) On 15 June 2021, an ordinary resolution was passed at the extraordinary general meeting of the Company that every twenty issued and unissued existing shares of a par value of HK\$0.01 each in the share capital of the Company be consolidated into one consolidated share of a par value of HK\$0.2 each in the share capital of the Company (the "Share Consolidation"). The Share Consolidation became effective on 17 June 2021.

For details, please refer to the announcements of the Company dated 14 May 2021 and 15 June 2021 and the circular of the Company dated 24 May 2021.

- (c) During the year ended 31 March 2022, 6,807,380 share options were exercised to subscribe for 6,807,380 ordinary shares of the Company at the consideration of approximately HK\$2.9 million of which approximately HK\$1.4 million was credited to share capital and the balance of approximately HK\$1.5 million was credited to the share premium account. Amount of approximately HK\$1 million has been transferred from share options reserve to the share premium account in accordance with the accounting policy adopted by the Company.

- (d) On 16 December 2021, an ordinary resolution was passed at the extraordinary general meeting of the Company that the authorised share capital of the Company was increased from HK\$20,000,000 divided into 100,000,000 shares to HK\$100,000,000 divided into 500,000,000 shares by the creation of an additional 400,000,000 unissued shares.

- (e) On 8 February 2022, the Company allotted and issued 112,853,469 new shares on the basis of three rights share for every one share held by qualifying shareholders at the subscription price of HK\$0.35 per rights share ("Rights Issue"). The Company also allotted and issued 45,790,071 new shares for the unsubscribed rights shares at the placing price of HK\$0.35 per placing share. The gross proceeds from the Rights Issue was approximately HK\$55.5 million and costs incurred for the Rights Issue amounted to approximately HK\$1.2 million.

For details, please refer to the announcements of the Company dated 5 November 2021, 16 December 2021, 25 January 2022 and 7 February 2022, the circular of the Company dated 25 November 2021 and prospectus of the Company dated 4 January 2022.



## Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

### 33. RESERVES

Details of the movements of the Group's reserves for the years ended 31 March 2022 and 2021 are presented in the consolidated statement of changes in equity. Movements on the Company's reserves are as follows:

<b>The Company</b>	<b>Share premium</b> HK\$'000	<b>Share-based payment reserve</b> HK\$'000	<b>Accumulated losses</b> HK\$'000	<b>Total</b> HK\$'000
As at 1 April 2020	62,131	–	(70,958)	(8,827)
Loss for the year	–	–	(8,552)	(8,552)
Proceeds from placing of new shares	32,200	–	–	32,200
Issuing expenses of placing of new shares	(1,107)	–	–	(1,107)
As at 31 March 2021 and 1 April 2021	<b>93,224</b>	–	<b>(79,510)</b>	<b>13,714</b>
Loss for the year	–	–	<b>(35,657)</b>	<b>(35,657)</b>
Share-based payments	–	<b>1,038</b>	–	<b>1,038</b>
Issued of share under share option scheme	<b>2,580</b>	<b>(1,038)</b>	–	<b>1,542</b>
Rights issue and placing of new shares	<b>23,796</b>	–	–	<b>23,796</b>
Issuing expenses of rights issue and placing of new shares	<b>(1,191)</b>	–	–	<b>(1,191)</b>
<b>As at 31 March 2022</b>	<b>118,409</b>	–	<b>(115,167)</b>	<b>3,242</b>

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

### 34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	<i>Notes</i>	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
<b>Non-current asset</b>			
Investments in subsidiaries		—	8
<b>Current assets</b>			
Deposits, prepayments and other receivables		164	2,290
Amounts due from subsidiaries		38,007	31,557
Cash and bank balances		18,467	17
		<b>56,638</b>	33,864
<b>Current liabilities</b>			
Accruals and other payables		1,713	2,576
Amounts due to directors		1,011	—
Other borrowings		8,367	8,367
		<b>11,091</b>	10,943
<b>Net current assets</b>		<b>45,547</b>	22,921
<b>Net assets</b>		<b>45,547</b>	22,929
<b>Equity</b>			
Share capital	32	42,305	9,215
Reserves	33	3,242	13,714
<b>Total equity</b>		<b>45,547</b>	22,929

Approved and authorised for issue by the board of directors on 30 June 2022 and are signed on its behalf by:

**Mr. Yao Ruhe**  
*Director*

**Ms. Wong Ka Man**  
*Director*





## Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

### 35. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the Company's subsidiaries as at 31 March 2022 and 2021 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	
				2022	2021
<b>Directly owned subsidiaries:</b>					
Mansion Success Holdings Limited <sup>®</sup>	BVI, limited liability company	HK, Investment holding	US\$1,000	–	100%
Flair Elite Limited <sup>#</sup>	BVI, limited liability company	HK, Trading of children wear	US\$1	100%	N/A
LFC Partners Limited	BVI, limited liability company	HK, Investment holding	HK\$1	100%	100%
All I Adore Limited <sup>#</sup>	HK, limited liability company	HK, Trading of children wear	HK\$10,000	100%	N/A
<b>Indirectly owned subsidiaries:</b>					
Mantex Supplies Company Limited	HK, limited liability company	HK, Wholesale of children wear	HK\$694,000	100%	100%
Martex International Limited <sup>®</sup>	HK, limited liability company	HK, Investment holding	HK\$1,009,900	–	100%
Babies Trendyland Limited	HK, limited liability company	HK, Trading of children wear	HK\$1,000,000	100%	100%
Babies SPHC Limited	HK, limited liability company	HK, Trading of children wear	HK\$300,000	100%	100%
Babies A2 Limited <sup>#</sup>	HK, limited liability company	HK, Trading of children wear	HK\$300,000	100%	N/A
Babies B1 Limited <sup>#</sup>	HK, limited liability company	HK, Trading of children wear	HK\$300,000	100%	N/A
Babies D1 Limited <sup>#</sup>	HK, limited liability company	HK, Trading of children wear	HK\$300,000	100%	N/A
Mi'Des Associated Partners Limited	BVI, limited liability company	HK, Inactive	US\$2	100%	100%
Mei Li Hua Children Garment Company Limited <sup>®</sup>	PRC, limited liability company	PRC, Manufacturing of children wear	RMB15,082,206	–	100%
Nanjing Youyue Trading Company Limited <sup>®</sup>	PRC, limited liability company	PRC, Trading of children wear	RMB1	–	100%

\* English translated name is for identification purpose only and are wholly-foreign owned enterprises established in the PRC.

# These subsidiaries was newly incorporated by the Company during 2022.

® These subsidiaries were disposed or deregistered during the year 2022.

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

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

### 36. RELATED PARTY TRANSACTIONS

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

#### (i) Related party transactions

	2022 HK\$'000	2021 HK\$'000
Interest on a loan from a director	-	51

#### (ii) Compensation of key management personnel

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

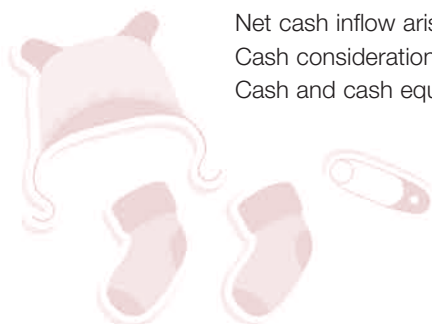
### 37. NOTES SUPPORTING STATEMENT OF CASH FLOWS

#### (a) Disposals of subsidiaries

During the year, the Company had entered into a sales and purchase agreement with an independent third party (the “Buyer”) to dispose its wholly owned subsidiary, Mansion Success Holdings Limited (“Mansion Success”). Through this disposal, 100% directly held subsidiary by Mansion Success and its 100% indirectly held subsidiary (collectively referred to as the “Disposal Group”) were also disposed accordingly, at a cash consideration of approximately HK\$50,000. The Disposal Group carried out the business of manufacturing of children wear in the PRC. The disposal was completed on 13 August 2021 (the “Completion Date”), on which date control of the Disposal Group was passed to the Buyer.

Net liabilities at the date of disposal were as follows:

	HK\$'000
Property, plant and equipment	53
Prepayments	215
Cash and bank balances	1
Other payables	(106)
Tax payables	(644)
Net liabilities disposed of	(481)
Release of foreign currency translation reserve	3,093
Loss on disposals of subsidiaries	(2,562)
Total consideration	50
Net cash inflow arising on disposal:	
Cash consideration received	50
Cash and cash equivalents disposed of	(1)
	49



## Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

### 37. NOTES SUPPORTING STATEMENT OF CASH FLOWS (CONTINUED)

#### (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	Other borrowings HK\$'000	Loan from a director HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
As at 1 April 2020	59,851	4,783	19,767	25,631	110,032
Changes from cash flows:					
Repayment of bank borrowings	(60,261)	–	–	–	(60,261)
Borrowing costs paid	(539)	(674)	(51)	–	(1,264)
Repayment of other borrowings	–	(12,900)	–	–	(12,900)
Capital element of finance lease rentals paid	–	–	–	(13,342)	(13,342)
Interest element of finance lease rentals paid	–	–	–	(819)	(819)
Reclassification	–	19,767	(19,767)	–	–
	(60,800)	6,193	(19,818)	(14,161)	(88,586)
Exchange adjustment	410	253	–	159	822
Other changes:					
Interest expenses	539	674	51	819	2,083
Modification of HKFRS 16	–	–	–	(160)	(160)
Additional of HKFRS 16	–	–	–	4,925	4,925
Termination of lease	–	–	–	(6,077)	(6,077)
Covid-19-related rent concessions	–	–	–	(1,498)	(1,498)
	539	674	51	(1,991)	(727)
As at 31 March 2021	–	11,903	–	9,638	21,541

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

### 37. NOTES SUPPORTING STATEMENT OF CASH FLOWS (CONTINUED)

#### (b) Reconciliation of liabilities arising from financing activities: (Continued)

	Other borrowings HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
As at 1 April 2021	11,903	9,638	21,541
Changes from cash flows:			
Proceeds from other borrowings	3,360	–	3,360
Repayment of other borrowings	(3,536)	–	(3,536)
Borrowing costs paid	(441)	–	(441)
Capital element of finance lease rentals paid	–	(8,559)	(8,559)
Interest element of finance lease rentals paid	–	(379)	(379)
	(617)	(8,938)	(9,555)
Other changes:			
Interest expenses	441	379	820
Additional of HKFRS 16	–	4,832	4,832
Covid-19-related rent concessions	–	(851)	(851)
	441	4,360	4,801
As at 31 March 2022	11,727	5,060	16,787

#### (c) Total cash outflow for leases

Amounts included in the cash flow statements for leases comprise the following:

	2022 HK\$'000	2021 HK\$'000
Within financing cash flows	8,938	14,161

These amounts relate to the lease rental paid.



## Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

### 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:

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
<b>Finance assets</b>		
At amortised cost:		
Trade receivables	<b>4,078</b>	7,647
Deposits and other receivables	<b>4,348</b>	6,610
Cash and bank balances	<b>19,682</b>	3,417
	<b>28,108</b>	17,674
<b>Finance liabilities</b>		
At amortised cost:		
Trade payables	<b>2,879</b>	8,901
Accruals and other payables	<b>5,779</b>	12,321
Amounts due to directors	<b>1,173</b>	–
Other borrowings	<b>11,727</b>	11,903
	<b>21,558</b>	33,125

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

### 39. FINANCIAL RISK MANAGEMENT

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

#### **(a) Foreign currency risk**

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

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

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

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

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

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

#### **Exposure to credit risk**

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

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. At the end of reporting period, the Group has a certain concentration of credit risk as 75% (2021: 16%) of the trade receivables was due from the Group's largest customer with the OBM and OEM businesses.



## Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

### 39. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

##### Trade receivables

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

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

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

##### As at 31 March 2022:

		Gross carrying amount HK\$'000	ECL HK\$'000	Net carrying amount HK\$'000
Not past due and less than 30 days past due	0.05%	3,667	(2)	3,665
31-120 days past due	3.05%	426	(13)	413
Total		<u>4,093</u>	<u>(15)</u>	<u>4,078</u>

##### As at 31 March 2021:

		Gross carrying amount HK\$'000	ECL HK\$'000	Net carrying amount HK\$'000
Not past due and less than 30 days past due	1.07%	4,949	(53)	4,896
31-120 days past due	16.32%	2,531	(413)	2,118
121 days - 1 year past due	49.34%	1,249	(616)	633
Total		<u>8,729</u>	<u>(1,082)</u>	<u>7,647</u>

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

### 39. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

##### Trade receivables (Continued)

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

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

In addition, if there is evidence indicating the trade receivables are credit-impaired, the Group shall measure loss allowances for trade receivables on an individual basis. For trade receivables which the Group considers are credit-impaired, the Group exposure to credit risk and the ECL is as follows:

	2022 HK\$'000	2021 HK\$'000
Carrying amount	-	2,628
ECL	-	(2,628)
	-	-

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

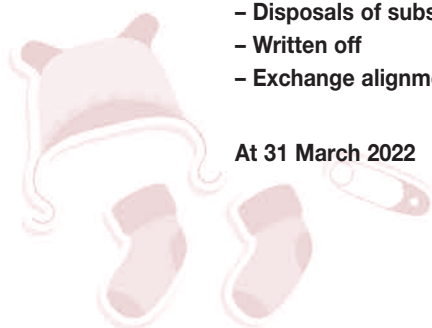
	Lifetime ECL Non-credit impaired HK\$'000	Lifetime ECL Credit-impaired HK\$'000	Total HK\$'000
At 1 April 2020	1,316	1,427	2,743
- Impairment losses recognised	806	769	1,575
- Impairment losses reversed	-	(647)	(647)
- Transferred to credit-impaired	(1,040)	1,040	-
- Exchange alignment	-	39	39

#### At 31 March 2021 and 1 April 2021

- Impairment losses recognised	15	10	25
- Impairment losses reversed	(547)	-	(547)
- Transferred to credit-impaired	(535)	535	-
- Disposals of subsidiaries	-	(807)	(807)
- Written off	-	(2,355)	(2,355)
- Exchange alignment	-	(11)	(11)

#### At 31 March 2022

	1,082	2,628	3,710
	15	-	15





## Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

### 39. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

##### Deposits and other receivables

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

##### Cash at bank

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.

#### (c) Liquidity risk

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

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

	Carrying amount HK\$'000	Total contractual undiscounted cash flow HK\$'000	Within 1 year or on demand HK\$'000	More than 1 year but less than 5 years HK\$'000
<b>At 31 March 2022</b>				
Trade payables	2,879	2,879	2,879	-
Accruals and other payables	5,779	5,779	5,779	-
Amounts due to directors	1,173	1,173	1,173	-
Other borrowings	11,727	11,839	11,839	-
Lease liabilities	5,060	5,204	4,117	1,087
	<u>5,060</u>	<u>5,204</u>	<u>4,117</u>	<u>1,087</u>

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

### 39. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (c) 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 5 years HK\$'000
<b>At 31 March 2021</b>				
Trade payables	8,901	8,901	8,901	–
Accruals and other payables	12,321	12,321	12,321	–
Other borrowings	11,903	11,987	11,987	–
Lease liabilities	9,638	9,936	7,653	2,283

#### (d) Interest rate risk

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

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

#### (e) Fair value

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

### 40. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of debt (which represent total debts including other borrowings, lease liabilities and amounts due to directors) net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, accumulated losses and other reserves.



## Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

### 40. CAPITAL RISK MANAGEMENT (CONTINUED)

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

	2022 HK\$'000	2021 HK\$'000
Other borrowings	11,727	11,903
Lease liabilities	5,060	9,638
Amounts due to directors	1,173	–
Less: Cash and bank balances	<u>(19,682)</u>	<u>(3,417)</u>
Net debts	<u>(1,722)</u>	<u>18,124</u>
Total equity/(capital deficiency)	<u>16,457</u>	<u>(22,619)</u>
Gearing ratio	<u>(10%)</u>	<u>N/A</u>

The management reviews the capital structure on a regular basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on the recommendations of the management, the Group will balance its overall capital structure through the new shares issues as well as the issue of new debt or the redemption of existing debt. No change was made in the objectives, policies or processes for managing capital during the years ended 31 March 2022 and 2021.

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

### 41. CONTINGENT LIABILITIES

As at 31 March 2022, the Group did not have any significant contingent liabilities (2021: Nil).

### 42. EVENTS AFTER THE REPORTING PERIOD

#### *Disposal of subsidiary*

On 1 April 2022, the Company has entered into a sales and purchase agreement with an independent third party (the "Purchaser") of the Group, to dispose of its wholly-owned subsidiary, Mantex Suppliers Co. Limited ("Mantex Suppliers"), at a cash consideration of HK\$1. The Mantex Suppliers carried out the business of wholesale of children wear during the year. The disposal was completed on 1 April 2022, on which date control of the Mantex Suppliers was passed to the Purchaser.

# Financial Summary

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

## CONSOLIDATED RESULTS

	Year ended 31 March				
	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000	2019 HK\$'000	2018 HK\$'000
Revenue	74,483	87,278	183,363*	230,825	265,768
Loss before tax	(21,421)	(10,395)	(32,567)	(18,928)	(1,267)
Listing expenses	-	-	-	-	15,280
Adjusted (loss) profit before tax (excluding listing expenses)	(21,421)	(10,395)	(32,567)*	(18,928)	14,013
Income tax (expense) credit	-	-	(1,053)*	159	(2,997)
Net (loss) profit for the year (excluding listing expenses)	(21,421)	(10,395)	(33,620)	(18,769)	11,016
Net loss from ordinary activities for the year	(21,421)	(64,845)	(60,348)	(18,769)	(4,264)
Continuing operations	(21,421)	(10,395)	(33,620)	-	-
Discontinued operations	-	(54,450)	(26,728)	-	-

\* Comparative figures for the year ended 31 March 2020 were restated as a result of the discontinued operation mentioned in note 13 to the consolidated financial statements for the year ended 31 March 2021.

## CONSOLIDATED ASSETS AND LIABILITIES

	As at 31 March				
	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000	2019 HK\$'000	2018 HK\$'000
Non-current assets	6,880	9,308	22,284	53,654	52,130
Current assets	37,803	41,420	123,819	140,160	126,418
Current liabilities	(26,878)	(70,243)	(106,298)	(128,148)	(91,590)
Net current assets (liabilities)	10,925	(28,823)	17,521	12,012	34,828
Non-current liabilities	(1,348)	(3,104)	(30,024)	(686)	(882)
Net assets (liabilities)	16,457	(22,619)	9,781	64,980	86,076

