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Mansion International Holdings Limited

民 信 國 際 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8456)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2024

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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 Main Board. 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 higher market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, 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 of the Stock Exchange (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 (1) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and (2) there are no other matters the omission of which would make any statement herein or this announcement misleading.*

The original announcement is prepared in the English language. This announcement is translated into Chinese. In the event of any inconsistencies between the Chinese and the English version, the latter shall prevail.

HIGHLIGHT

- The Group's revenue amounted to approximately HK\$69,849,000 for the year ended 31 March 2024, representing a decrease of approximately HK\$8,588,000 or 10.9% as compared to the year ended 31 March 2023.
- Total comprehensive loss for the year attributable to the owners of the Company was approximately HK\$4,684,000 for the year ended 31 March 2024 as compared to a loss of approximately HK\$6,008,000 for the year ended 31 March 2023.
- The Board does not recommend the payment of any dividend for the years ended 31 March 2024 and 2023.

ANNUAL RESULTS

The Board of Directors (the “**Board**”) of the Company is pleased to present the consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 March 2024, together with the comparative figures for the corresponding year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

		2024	2023
	<i>Note</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
Revenue	5	69,849	78,437
Cost of sales		(55,364)	(54,099)
Gross profit		14,485	24,338
Other income	6	155	950
Other gains and losses, net	7	144	4,071
Impairment losses on trade receivables		(311)	(658)
Allowance for inventories		–	(402)
Selling and distribution costs		(7,285)	(12,918)
Administrative expenses		(11,244)	(20,835)
Loss from operations		(4,056)	(5,454)
Finance costs	8	(509)	(554)
Loss before tax	9	(4,565)	(6,008)
Income tax expense	10	(119)	–
Loss and total comprehensive income for the year attributable to owners of the Company		<u>(4,684)</u>	<u>(6,008)</u>
Loss per share	11		
Basic and diluted (<i>HK\$</i>)		<u>(0.02)</u>	<u>(0.03)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	<i>Note</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		2,879	4,052
Right-of-use assets		–	155
Deposits		–	222
		2,879	4,429
		2,879	4,429
Current assets			
Inventories		878	3,863
Trade receivables	12	38,847	21,894
Deposits, prepayments and other receivables		1,402	1,860
Cash and bank balances		4,370	1,373
		45,497	28,990
		45,497	28,990
Current liabilities			
Trade payables	13	20,170	3,523
Contract liabilities		–	38
Accruals and other payables	14	10,432	6,632
Amount due to a director		163	163
Loan from a director of a subsidiary		–	544
Other borrowings	15	11,727	11,727
Lease liabilities		–	155
Provisions		–	188
Tax payables		119	–
		42,611	22,970
		42,611	22,970
Net current assets		2,886	6,020
Total assets less current liabilities		5,765	10,449
Net assets		5,765	10,449
		5,765	10,449
Equity			
Equity attributable to owners of the Company			
Share capital	16	42,305	42,305
Reserves		(36,540)	(31,856)
		5,765	10,449
Total equity		5,765	10,449

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 17 May 2017. Its shares (the “**Shares**”) in issue are listed on GEM. The address of the Company’s registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands, and its principal place of business in Hong Kong is located at Room 204, 2/F., Empire Court, 2–4 Hysan Avenue, Causeway Bay, Hong Kong.

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

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with all applicable 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). Material accounting policy information adopted by the Group are discussed below.

The HKICPA has issued certain new and amendments to 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.

Going concern basis

For the year ended 31 March 2024, the Group incurred net loss of approximately HK\$4,684,000 and as of that date, the Group had other borrowings amounted to HK\$11,727,000, while the Group had cash and bank balances amounted to HK\$4,370,000.

The directors of the Company have reviewed the Group’s cash flow projections prepared by the management. The cash flow projections cover a period of twelve months from date of approval for issue of these consolidated financial statements. They are of the opinion that, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from date of approval for issue of these consolidated financial statements. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

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

3. ADOPTION OF NEW AND AMENDMENT HONG KONG FINANCIAL REPORTING STANDARDS

(a) Application of new and amendments to 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 2023 for the preparation of the consolidated financial statement.

HKFRS 17 (including the October 2020 and February 2022 amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

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

Impact on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 “Disclosure of Accounting Policies”

The Group has adopted Amendments to HKAS 1 and HKFRS Practice Statement 2 “Disclosure of Accounting Policies” for the first time in the current year. HKAS 1 “Presentation of Financial Statements” is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 “Making Materiality Judgements” (the “**Practice Statement**”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies.

New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism

In June 2022, the Government of Hong Kong Special Administrative Region (the “**Hong Kong Government**”) gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “**Amendment Ordinance**”), which will come into effect from 1st May, 2025 (the “**Transition Date**”). Once the Amendment Ordinance takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory contributions to mandatory provident fund (“**MPF**”) scheme to reduce the long service payment (“**LSP**”) in respect of an employee’s service from the Transition Date (the abolition of the “**offsetting mechanism**”). In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee’s monthly salary immediately before the Transition Date and the years of service up to that date.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” that provides accounting guidance relating to the offsetting mechanism and the abolition of the mechanism. In particular, the guidance indicates that entities may account for the accrued benefits derived from mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP.

Applying this approach, upon the enactment of the Amendment Ordinance in June 2022, it is no longer permissible to apply the practical expedient in paragraph 93(b) of HKAS 19 that previously allowed such deemed contributions to be recognised as reduction of service cost (negative service cost) in the period the contributions were made. Instead, these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit. The Amendment Ordinance has no material impact on the Group’s LSP liability and staff cost.

(b) Amendments to HKFRSs in issue but not yet effective

The Group has not early applied any new and amendment to HKFRSs that have been issued but are not yet effective for the financial year beginning 1 April 2023. These new and revised HKFRSs include the following which may be relevant to the Group.

Amendments to HKAS 1 — Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1 — Non-current Liabilities with Covenants	1 January 2024
Amendments to HKFRS 16 — Lease Liability in a Sale and Leaseback	1 January 2024
Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendments to HKAS 7 and HKFRS 7 — Supplier Finance Arrangements	1 January 2024
Amendments to HKAS 21 — Lack of Exchangeability	1 January 2025
Amendments to HKFRS 10 and HKAS 28 — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA

The directors of the Company anticipate that the application of the above amendments to HKFRSs will not have material impact on the consolidated financial statements in the foreseeable future.

4. 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.

As the Company plan to provide more reliable and relevant accounting information in financial reports, the CODM adjust the statistical calibre of segment reports. As such, the segments were combined as sales of baby and children garments.

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

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

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

	2024 <i>HK\$’000</i>	2023 <i>HK\$’000</i>
PRC includes Hong Kong and Macau	67,723	73,630
United Kingdom	2,126	4,807
	69,849	78,437

All of the Group’s non-current assets are located in Hong Kong as at 31 March 2024 and 2023. Accordingly, no further geographical information of non-current assets to be disclosed.

Information about major customers

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

	2024 <i>HK\$’000</i>	2023 <i>HK\$’000</i>
Customer A	21,226	12,900
Customer B	11,633	8,300
Customer C	7,812	10,700
Customer D	7,774	10,362
Customer E	6,955	10,800

5. REVENUE

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue recognised at a point in time within the scope of HKFRS 15		
Sales of baby and children garments	<u>69,849</u>	<u>78,437</u>

6. OTHER INCOME

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Bank interest income	1	1
Government grants (<i>note</i>)	–	707
Sundry income	154	94
COVID-19-related rent concessions	<u>–</u>	<u>148</u>
	<u>155</u>	<u>950</u>

Note:

There were no government grants recognised during the year ended 31 March 2024. During the year ended 31 March 2023, 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 was no unfulfilled conditions nor other contingencies attached to the government grants.

7. OTHER GAINS AND (LOSSES), NET

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss on disposals of property, plant and equipment	–	(69)
Gain on disposals of a subsidiary	–	3,611
Gain on early termination of lease	–	633
Reversal of provision for reinstatement costs	164	–
Write-off of other receivables	–	(16)
Write-off of prepayments	–	(88)
Write-off of property, plant and equipment	<u>(20)</u>	<u>–</u>
	<u>144</u>	<u>4,071</u>

8. FINANCE COSTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interests on a loan from a director of a subsidiary	5	15
Interests on other borrowings	503	503
Interests on lease liabilities	1	36
	<u>509</u>	<u>554</u>

9. LOSS BEFORE TAX

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Directors' remuneration	516	516
Employee benefit expenses (excluding the directors' remuneration):		
— Salaries, allowances and other benefits	5,325	11,089
— Pension scheme contributions	288	380
	<u>5,613</u>	<u>11,469</u>
Total staff costs	<u>6,129</u>	<u>11,985</u>
Auditor's remuneration		
— Audit services	550	520
— Non audit services	—	—
Cost of inventories recognised as an expenses	55,364	54,099
Depreciation of property, plant and equipment	1,153	849
Depreciation of right-of-use assets	155	1,541
Expenses relating to short-term lease	298	1,743
Variable lease expenses	1,992	4,585
Impairment losses on trade receivable	311	658
Allowance for inventories	—	402
	<u>—</u>	<u>402</u>

10. INCOME TAX EXPENSES

Under the two-tiered Hong Kong 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 2024 and 2023.

For the year ended 31 March 2023, no provision for Hong Kong Profits tax was required since the Group has sufficient tax loss to offset the Group's assessable profit for that year.

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss before tax	<u>(4,565)</u>	<u>(6,008)</u>
Tax at the applicable tax rate at 16.5% (2023: 16.5%)	(753)	(991)
Tax effect of non-taxable income	(27)	(871)
Tax effect of non-deductible expenses	245	1,174
Tax effect of temporary difference not recognised	121	(157)
Tax effect of tax losses not recognised	558	855
Tax effect of utilisation of tax losses not previously recognised	<u>(25)</u>	<u>(10)</u>
Income tax expense	<u>119</u>	<u>–</u>

11. LOSS PER SHARE

(a) Basic loss per share

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss for the year		
Loss for the year attributed to the owners of the Company for the purpose of calculating basic loss per share	<u>(4,684)</u>	<u>(6,008)</u>
	2024	2023
Number of shares		
Number of ordinary shares for the purpose of calculating basic loss per share	<u>211,524,720</u>	<u>211,524,720</u>

(b) Diluted loss per share

No diluted loss per share were presented as there were no potential ordinary shares in issue for the years ended 31 March 2024 and 2023.

12. TRADE RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables, gross	39,831	22,567
Less: allowance for credit losses	(984)	(673)
	<hr/>	<hr/>
Trade receivables, net	<u>38,847</u>	<u>21,894</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. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors of the Company.

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 30 days	8,832	1,308
31 days to 120 days	20,899	11,981
121 days to 1 year	10,100	9,278
	<hr/>	<hr/>
	39,831	22,567
Less: allowance for credit losses	(984)	(673)
	<hr/>	<hr/>
	<u>38,847</u>	<u>21,894</u>

The carrying amounts of the Group's trade receivables, which are denominated in currencies are set out below:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
HK\$	38,847	21,621
USD	–	273
	<hr/>	<hr/>
	<u>38,847</u>	<u>21,894</u>

13. TRADE PAYABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables	<u>20,170</u>	<u>3,523</u>

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 30 days	6,420	539
31 days to 1 year	13,098	2,819
More than 1 year	<u>652</u>	<u>165</u>
	<u>20,170</u>	<u>3,523</u>

The carrying amounts of the Group's trade payables, which are denominated in currencies are set out below:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
HK\$	19,460	2,604
RMB	710	–
USD	<u>–</u>	<u>919</u>
	<u>20,170</u>	<u>3,523</u>

14. ACCRUALS AND OTHER PAYABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Other payables	1,078	1,060
Accrued expenses	<u>9,354</u>	<u>5,572</u>
	<u>10,432</u>	<u>6,632</u>

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

15. OTHER BORROWINGS

On 17 May 2019, the Group entered into an agreement with a former director of the Company, who resigned on 24 April 2020, to borrow a loan of HK\$20,000,000 with maturity date on 30 June 2021. As of 31 March 2024, the outstanding balance of approximately HK\$8,367,000 (2023: HK\$8,367,000) was unsecured, bearing interest at the rate of 4% per annum and repayable on demand.

On 3 August 2021, the Group entered into another agreement with the same former director of the Company to borrow a loan of HK\$3,360,000 with maturity date on 2 August 2022. As of 31 March 2024, the outstanding balance of approximately HK\$3,360,000 (2023: HK\$3,360,000) was unsecured, bearing interest at the rate of 5% per annum and repayable on demand.

The other borrowings were denominated in Hong Kong dollars.

16. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Authorised Ordinary shares at HK\$0.2 each		
As at 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	<u>500,000,000</u>	<u>100,000</u>
Issue and fully paid Ordinary shares at HK\$0.2 each		
As at 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	<u>211,524,720</u>	<u>42,305</u>

17. DIVIDEND

No dividend was declared and paid during the years ended 31 March 2024 and 2023.

EXTRACT OF THE AUDITOR’S REPORT

The following is an extract of the independent auditor’s report on the Group’s annual financial statements for the year ended 31 March 2024:

“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 2024, 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 (the “**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

MATERIAL UNCERTAINTY RELATING TO GOING CONCERN

We draw attention to note 2 to the consolidated financial statements that the Group incurred a net loss of approximately HK\$4,684,000 for the year ended 31 March 2024 and as of that date, the Group had other borrowings amounted to HK\$11,727,000, while the Group had cash and bank balances amounted to HK\$4,370,000. As stated in note 3, these events or conditions, along with other matters as set forth in note 3, indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.”

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in the sale of baby and children garments. In 2023/2024, the threat of the COVID-19 continuing impact on the local economic activities and supply chains in the Asian region. Hong Kong retail market has been shaky for much of the period, under the negative impact of the COVID-19 pandemic as well as the decrease in birth rate in Hong Kong. As such, the Group has recorded a decrease in revenue for the year ended 31 March 2024 (the “**Year**”) by approximately HK\$8.6 million, as compared to the Corresponding Year. Despite the uncertainties and challenges the Group faces this year, the Group foresees that our business performance will be getting better in year 2024/2025 as a result of the local economy have started on the path of recovery from the COVID-19.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately 10.9% to approximately HK\$69.8 million for the Year as compared to that of approximately HK\$78.4 million for the year ended 31 March 2023 (the "**Corresponding Year**"). The revenue of the Group's business decreased was mainly due to the decrease in willingness of spending by the consumers and the decrease in birth rate in Hong Kong.

Cost of sales, gross profit and gross profit margin

The Group's cost of sales increased by approximately 2.4% to approximately HK\$55.4 million for the Year as compared to that of approximately HK\$54.1 million for the Corresponding Year which is due to the higher cost of materials and overhead incurred during the Year. The Group's gross profit decreased by approximately 40.3% to approximately HK\$14.5 million for the Year as compared to that of approximately HK\$24.3 million for the Corresponding Year, resulting from the decrease in the Group's revenue and the Group's gross profit margin also decreased from 31.0% to 20.7% for the Year.

Write-down of inventories

No write-down on inventories was (FY2023: HK\$0.4 million) recorded due to no allowance made for obsolete and slow-moving inventory items.

Expenses

The Group's selling and distribution costs decreased by approximately 43.4% to approximately HK\$7.3 million for the Year as compared to those of approximately HK\$12.9 million for the Corresponding Year. The Group's administrative and other expenses decreased by approximately 46.2% to approximately HK\$11.2 million for the Year as compared to those of approximately HK\$20.8 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 8.1% to approximately HK\$509,000 during the Year as compared to those of approximately HK\$554,000 for the Corresponding Year. The decrease in finance cost due to the decrease of interests on lease liabilities during the Year.

Loss before tax

The Group's loss before tax decreased by 23.3% to approximately HK\$4.6 million for the Year as compared to that of approximately HK\$6.0 million for the Corresponding Year. Such decrease was mainly due to the decrease in selling and distribution cost and administrative expenses of approximately HK\$15.2 million for the Year as compared with the Corresponding Year while offset by the decreased in gross profit of approximately HK\$9.9 million for the Year as compared to the Corresponding Year.

DIVIDEND

The Board has resolved not to declare the payment of any dividend for the Year (2023: Nil).

OUTLOOK

Looking forward, the Board believes that the performance of the Group's business 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. The business performance is thus expected to remain under pressure in the coming year and will remain very difficult in the near term amid the deep economic recession.

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

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

Looking ahead to 2024/2025, the Group foresees that global economy will be getting better in year 2024/2025 as the local economy has started on the path of recovery from the COVID-19. 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. As at 31 March 2024, the Group had cash and bank balances of approximately HK\$4.4 million (31 March 2023: approximately HK\$1.4 million). As at 31 March 2024, the Group's other borrowings amounted to approximately HK\$11.7 million (31 March 2023: approximately HK\$11.7 million). The Group's other borrowings are unsecured, repayable within one year and denominated in Hong Kong Dollars and bear interest from 0% to 5% (31 March 2023: 0% to 5%) per annum. As at 31 March 2024, the amounts due to directors amounted to approximately HK\$0.2 million (31 March 2023: approximately HK\$0.2 million) which is unsecured, no interests and repayable on demand.

The current ratio was 1.1 as at 31 March 2024 (31 March 2023: 1.3) and the gearing ratio was approximately 1.9 as at 31 March 2024 (31 March 2023: 1.1).

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

The Group did not use any financial instruments for hedging purposes during FY2024 (FY2023: Nil). As at 31 March 2024, the share capital and equity attributable to owner of the Company amounted to approximately HK\$42.3 million and HK\$5.8 million respectively (31 March 2023: share capital and equity attributable to owner of the Company of HK\$42.3 million and HK\$10.4 million respectively).

CAPITAL COMMITMENTS

Save as disclosed in this announcement, the Group did not have any significant capital commitments as at 31 March 2024 (31 March 2023: Nil).

CHARGE OVER ASSETS OF THE GROUP

The group did not have any charge over assets of the Group as at 31 March 2024 (31 March 2023: Nil).

ACQUISITIONS AND DISPOSALS

The Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the Year.

SHARE OPTION SCHEME

The Company has adopted the share option scheme on 28 December 2017 and has been amended on 28 April 2023 (the "**Share Option Scheme**"). The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

Details of the Share Option Scheme are as follows:

1. Purposes

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

2. Eligible participants

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

3. Total number of Shares available for issue

The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme or awards of the Group must not in aggregate exceed 10% of the total number of Shares in issue as at 28 April 2023, being the date of approval of the refreshment of 10% general scheme limit under the Share Option Scheme by the Shareholders (i.e. 21,152,472 Shares, representing approximately 10% of the total number of Shares in issue as at 28 April 2023).

4. Maximum entitlement of each participant

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

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

5. Period of the Share Option Scheme

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

6. Time of acceptance of the offer

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

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

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

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

8. Consideration for the option

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

9. Subscription price for Shares

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

10. Transfer or assignment

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

11. Termination of the Share Option Scheme

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

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

The number of options available for grant under the scheme mandate of the Share Option Scheme at the beginning and the end of the FY2024 were 0 Share and 21,152,472 Shares respectively. The total number of Shares available for issue under each of the Share Option Scheme (including options granted but not yet exercised and options available for issue) was 21,152,472 Shares, representing approximately 10.0% of the total number of issued Shares as at the date of this announcement.

EVENT AFTER THE REPORTING PERIOD

The Group did not have any important event after the year ended 31 March 2024.

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 2024, the Group had no significant exposure under foreign exchange contracts, interest, currency swaps or other financial derivatives.

CONTINGENT LIABILITIES

As at 31 March 2024, the Group did not have any significant contingent liabilities (31 March 2023: Nil).

FUTURE PLANS

Although Hong Kong has seen several rounds of ups and downs of the COVID-19 pandemic, 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 2024, the Group had about 34 (2023: 46) employees working in Hong Kong.

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

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

RETIREMENT BENEFITS PLANS

The Group participates in the MPF scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees employed.

For the MPF scheme, contributions are made by both employer and employees based on the employees’ relevant monthly income at rates in compliance with statutory requirements. Employers’ contributions to defined contribution schemes amounted to HK\$288,000 for FY2024 (FY2023: HK\$380,000).

COMPETING BUSINESS

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 FY2024 and up to the date hereof.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

During the FY2024, the Company did not redeem its listed securities, nor did the Company or any of its subsidiaries purchase or sell such securities.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Directors recognise the importance of good corporate governance in management and internal procedures so as to achieve effective accountability. The Company’s corporate governance practices are based on the principles of good corporate governance as set out in the Corporate Governance Code in Part 2 of Appendix C1 to the GEM Listing Rules (the “**CG Code**”) and in relation to, among others, the Directors, chairman and chief executive officer, Board composition, the appointment, re-election and removal of Directors, their responsibilities and remuneration and communications with the Shareholders. For the period under review, the Company had complied with all the code provisions set out in the CG Code.

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.

EVENTS AFTER THE REPORTING PERIOD

As at the date of this announcement, the Group had no significant events after the reporting period which need to be disclosed.

REQUIRED STANDARD OF DEALINGS FOR DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings regarding securities transactions by the Directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “**Required Standard of Dealings**”). The Company had made specific enquiries with all the Directors and each of them had confirmed his/her compliance with the Required Standard of Dealings during the year ended 31 March 2024.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with the GEM Listing Rules and the CG Code which is adopted on 26 January 2018 and revised on 31 December 2018. The primary duties of our audit committee are, among other things, to review and supervise the financial reporting process and internal control systems of the Group. The audit committee consists of three independent non-executive Directors, namely Mr. Wu Chi King, who has the appropriate auditing and financial related management expertise and serves as the chairman of the audit committee, Ms. Wong Ying Yu and Mr. Lang Yonghua. The audit committee has reviewed the accounting principles and policies adopted by the Group and the consolidated financial statements of the Group for the year ended 31 March 2024 and is of the opinion that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

FINANCIAL INFORMATION

The financial information set out in this announcement does not constitute the Group's consolidated financial statements for the financial year, but represents an extract from those financial statements. The financial information has been reviewed by the audit committee and approved by the Board, as to the amounts set out in the Group's consolidated financial statements for the year.

SCOPE OF WORK OF MCMILLAN WOODS (HONG KONG) CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, and other comprehensive income and the related notes thereto for the year ended 31 March 2024 as set out in the preliminary announcement have been agreed by the Group's auditors, McMillan Woods (Hong Kong) CPA Limited, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by McMillan Woods (Hong Kong) CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by McMillan Woods (Hong Kong) CPA Limited on the preliminary announcement.

By order of the Board
Mansion International Holdings Limited
Yao Ruhe
Chairman

Hong Kong, 28 June 2024

As at the date of this announcement, the executive Directors are Mr. Yao Ruhe (Chairman), Ms. Wong Ka Man and Ms. Kam Chun Fong; and the independent non-executive Directors are Mr. Wu Chi King, Mr. Lang Yonghua and Ms. Wong Ying Yu.

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

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