MAN SANG INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 938)

Website: http://www.msil.com.hk

ANNUAL RESULTS ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

The board (the "Board") of directors (the "Directors") of Man Sang International Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2018, together with the comparative figures for the previous year, as follows:

Consolidated Statement of Profit or Loss
For the year ended 31 March 2018

	Notes	**2018** *HK$'000*	2017 *HK$'000* (Restated)
Continuing operation			
Revenue	*2*	**23,188**	133,714
Cost of sales		**(15,990)**	(41,889)
Gross profit		**7,198**	91,825
Other gains	*4*	**1,981**	–
Selling expenses		**(5,606)**	(7,294)
Administrative expenses		**(50,417)**	(37,003)
Increase in fair value of investment properties under construction		**54,133**	6,107
Finance income	*5*	**29,378**	23
Finance costs	*5*	**(123,713)**	(105,598)

Consolidated Statement of Profit or Loss — *Continued*
For the year ended 31 March 2018

	Notes	**2018** **HK$'000**	2017 *HK$'000* (Restated)
Loss before tax	*7*	**(87,046)**	(51,940)
Income tax expenses	*6*	**(22,626)**	(68,912)
Loss for the year from continuing operation		**(109,672)**	(120,852)
Discontinued operation			
Profit (loss) for the year from discontinued operation	*8*	**16,478**	(1,628)
Loss for the year		**(93,194)**	(122,480)
(Loss) profit attributable to equity holders of the Company			
— from continuing operation		**(109,672)**	(120,852)
— from discontinued operation		**17,022**	(1,074)
		(92,650)	(121,926)
Loss attributable to non-controlling interests			
— from continuing operation		**–**	–
— from discontinued operation		**(544)**	(554)
		(544)	(554)
Loss for the year		**(93,194)**	(122,480)
LOSS PER SHARE	*9*		
From continuing and discontinued operations — basic and diluted *(HK cents)*		**(4.86)**	(6.96)
From continuing operation — basic and diluted *(HK cents)*		**(5.75)**	(6.90)

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 March 2018

	2018	2017
	HK$'000	*HK$'000*
Loss for the year	**(93,194)**	(122,480)
Other comprehensive income (loss)		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**174,006**	(103,403)
Release of translation reserve upon disposal of subsidiaries	**(28,860)**	–
Other comprehensive income (loss) for the year	**145,146**	(103,403)
Total comprehensive income (loss) for the year	**51,952**	(225,883)
Total comprehensive income (loss) for the year attributable to:		
— equity holders of the Company	**36,920**	(211,187)
— non-controlling interests	**15,032**	(14,696)
	51,952	(225,883)

Consolidated Statement of Financial Position
As at 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
Non-current assets			
Investment properties		–	652,123
Investment properties under construction		**1,791,701**	1,502,392
Property, plant and equipment		**581,236**	443,780
Prepayments and other receivables	*11*	**523**	55,991
Prepaid lease payments		**290,143**	262,042
		2,663,603	2,916,328
Current assets			
Properties under development		**563,560**	463,340
Completed properties held for sale		–	255,538
Deposits, prepayments, trade and other receivables	*11*	**29,626**	477,990
Restricted bank balance		–	662
Cash and cash equivalents		**55,431**	242,047
		648,617	1,439,577
Current liabilities			
Accruals and other payables	*12*	**212,835**	441,813
Current income tax liabilities		**81,624**	188,376
Bank and other borrowings	*13*	**121,906**	54,459
		416,365	684,648
Net current assets		**232,252**	754,929
Total assets less current liabilities		**2,895,855**	3,671,257

Consolidated Statement of Financial Position — *Continued*
As at 31 March 2018

	Notes	**2018** **HK$'000**	2017 *HK$'000*
Non-current liabilities			
Other payables	*12*	**–**	257,136
Deferred income tax liabilities		**15,967**	141,965
Promissory notes	*14*	**855,587**	793,347
Bank and other borrowings	*13*	**1,000,000**	1,350,042
		1,871,554	2,542,490
Net assets		**1,024,301**	1,128,767
Capital and reserves			
Share capital		**190,617**	190,617
Reserves		**833,684**	796,764
Equity attributable to equity holders of the Company		**1,024,301**	987,381
Non-controlling interests		**–**	141,386
Total equity		**1,024,301**	1,128,767

NOTES

For the year ended 31 March 2018

1. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

During the year ended 31 March 2018, the Group reported net loss of approximately HK$93,194,000. As at 31 March 2018, the Group had current liabilities of approximately HK$416,365,000 and total borrowings, including promissory notes, of approximately HK$1,977,493,000 of which approximately HK$121,906,000 will be due in the coming twelve months from the end of the reporting period. As at the same date, the Group also had capital commitment of approximately HK$231,910,000, while its net current assets and cash and cash equivalents amounted to approximately HK$232,252,000 and HK$55,431,000, respectively.

In view of the above, the Directors have reviewed the Group's cash flow projections covering a period of twelve months from 31 March 2018 which have taken into account the following measures:

(1) Chongqing Kingstone Land Co., Ltd. ("Chongqing Kingstone"), an indirect wholly-owned subsidiary of the Company, has commenced the sales of the properties from the year ended 31 March 2017 which is expected to continue to generate operating cash inflows to the Group;

(2) On 1 June 2018, the Group obtained a 2-year unsecured revolving loan facility from Mr. Hu Xingrong, the chairman, an executive director and a substantial shareholder of the Company, and a company controlled by Mr. Hu Xingrong, with amount up to RMB500,000,000, equivalent to approximately HK$625,000,000, and carrying an interest rate of 9% per annum and RMB150,000,000 has been drawndown;

(3) The Group had available unsecured revolving loan facility of HK$200,000,000 carrying an interest rate of 8% per annum from a financing company, which is a subsidiary of a company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), and will be valid up to 12 January 2019;

(4) The Group will not early redeem any promissory notes of the Company before the maturity date until the Group is in a financial position to do so; and

(5) The Group will consider to raise additional capital, as and when needed, by carrying out fund raising activities, to finance the operations of the Group.

Based on the above, in the opinion of the Directors, the Group will have sufficient working capital to fulfill its financial obligations as and when they fall due in the coming twelve months from 31 March 2018. Accordingly, the Directors are satisfied that it is appropriate to prepare these consolidated financial statements on a going concern basis. These consolidated financial statements do not include any adjustments relating to the carrying amounts and reclassification of assets and liabilities that might be necessary should the Group be unable to continue as a going concern.

2. REVENUE

Revenue from continuing operation represents the proceeds from sales of properties during the year.

3. SEGMENT INFORMATION

The executive directors of the Company have been identified as the chief operating decision-maker (the "CODM"). Management determines the operating segments based on the Group's internal reports, which are reviewed by the executive directors of the Company for performance assessment and resource allocation.

During the year ended 31 March 2017, following the completion of the acquisition of Gloryear Investments Limited and its subsidiaries (collectively referred to as the "Gloryear Group") (note 16), the composition of the Group's internal organisation has been changed such that the CODM commenced to review the Group's business by geographical locations, namely (i) Eastern China; and (ii) Western China, in respect of the location of properties of the Group, for the purpose of resource allocation and assessment of segment performance.

The operation of Eastern China was discontinued during the year ended 31 March 2018 as a result of the disposal of entire equity interests in Smartest Man Holdings Limited ("Smartest Man") and its subsidiaries (collectively referred to as the "Smartest Man Group") (note 17). The disposal was completed on 3 January 2018. The segment information reported below does not include any amounts for this discontinued operation. The discontinued operation is detailed in note 8.

After the completion of the disposal of the Smartest Man Group on 3 January 2018, the Group's operating activities are solely derived from the development, sales and lease of properties in Western China. The CODM reviews the overall results of financial position of the Group as a whole prepared based on the same accounting policies. Accordingly, the Group has only one single operating segment and no further analysis of this single segment is presented.

(a) Information about major customers

The Company is domiciled in Hong Kong. As all the Group's revenue from external customers are derived from the People's Republic of China (the "PRC"), hence no information of the Group's revenue by geographical location is presented.

Revenue from the transactions with four individual customers presented in Western China segment amounted to approximately HK$6,324,000, HK$5,762,000, HK$5,698,000 and HK$5,404,000 respectively (2017: one individual customer presented in Western China segment amounted to approximately HK$133,714,000), each contributing over 10% of the total revenue from the continuing operation of the Group for the year ended 31 March 2018.

(b) Geographical information

The total non-current assets (excluding other receivables), based on the geographical locations of the assets, are located in Hong Kong and the PRC with amounts of approximately HK$405,000 (2017: HK$609,000) and HK$2,663,198,000 (2017: HK$2,913,831,000) respectively.

4. OTHER GAINS

Continuing operation

	2018 *HK$'000*	2017 *HK$'000* (Restated)
Gain on waiver of interest payable *(note 13(iv))*	**1,979**	–
Exchange gain	**2**	–
	1,981	–

5. FINANCE INCOME AND FINANCE COSTS

Continuing operation

	2018 *HK$'000*	2017 *HK$'000* (Restated)
Finance income:		
— Bank interest income	**123**	23
— Interest income from refundable deposit *(note 11(i))*	**29,255**	—
	29,378	23
Finance costs:		
— Interest on bank and other borrowings	**106,647**	74,035
— Interest on promissory notes *(note 14)*	**62,240**	47,938
	168,887	121,973
Less: amount capitalised on qualifying assets	**(45,174)**	(16,375)
	123,713	105,598

6. INCOME TAX EXPENSES

Continuing operation

	2018 *HK$'000*	2017 *HK$'000* (Restated)
Current income tax		
— PRC land appreciation tax	**9,093**	67,385
Deferred income tax	**13,533**	1,527
	22,626	68,912

Hong Kong Profits Tax

No Hong Kong Profits Tax has been provided since no assessable profits have been generated from continuing operation during both years ended 31 March 2018 and 2017.

The PRC Enterprise Income Tax

The PRC enterprise income tax in respect of operations in the Mainland China is calculated at a rate of 25% on the estimated assessable profits for the years ended 31 March 2018 and 2017 under the Law of the PRC's on Enterprise Income Tax (the "EIT Law") and implementation Regulation of the EIT Law.

No PRC enterprise income tax has been provided since no assessable profits have been generated from continuing operation during both years ended 31 March 2018 and 2017.

Withholding tax on undistributed profits

The PRC tax law imposes a withholding tax at 10%, unless reduced by a tax treaty, for dividends distributed by the PRC subsidiaries to its immediate holding company outside the PRC for earnings generated beginning on 1 January 2008.

The PRC land appreciation tax

Land appreciation tax in the PRC is levied on properties developed by the Group for sale, at progressive rates ranging from 30% to 60% on the appreciation of land value under the applicable regulations, is calculated based on the proceeds of sales of properties less deductible expenditures including cost of land use rights, borrowing costs and all property development expenditures.

7. LOSS BEFORE TAX

Continuing operation

Loss before tax has been arrived at after charging:

	2018	2017
	HK$'000	*HK$'000*
		(Restated)
Staff costs (including Directors)		
— salaries and other allowances	**24,649**	16,492
— retirement benefits scheme contributions	**2,549**	1,161
	27,198	17,653
Cost of completed properties held for sales recognised as an expense	**15,990**	41,889
Auditor's remuneration	**4,000**	1,880
Depreciation of property, plant and equipment	**280**	78
Minimum lease payment paid under operating lease rentals in respect of rented premises	**2,664**	866

8. DISCONTINUED OPERATION

On 1 November 2017, a direct wholly-owned subsidiary of the Company entered into a sale and purchase agreement with an independent third party to the Group to dispose of its entire equity interest in Smartest Man at a cash consideration of RMB362,480,000, equivalent to HK$428,659,000 (the "Disposal"). The Smartest Man Group carried out all of the Group's operation in Eastern China. The Disposal was effected in order to generate cash flows for the expansion of the Group's operation in Western China. The Disposal was completed on 3 January 2018, the date which the Group lost control of the Smartest Man Group.

Further details of the Disposal are set out in the Company's announcements dated 1 November 2017 and 3 January 2018 and the Company's circular dated 5 December 2017.

The profit (loss) for the year from discontinued operation is analysed as follows:

	2018	2017
	HK$'000	*HK$'000*
Loss arising from the Smartest Man Group for the year	**(1,594)**	(1,628)
Gain on disposal of subsidiaries *(note 17)*	**18,072**	–
	16,478	(1,628)

The results of the Smartest Man Group for the period from 1 April 2017 to 3 January 2018 (date of the Disposal), which have been included in the consolidated statement of profit or loss, were as follows:

	Period from 1 April 2017 to 3 January 2018	Year ended 31 March 2017
	HK$'000	*HK$'000*
Revenue	**41,482**	60,483
Cost of sales	**(12,052)**	(19,268)
Gross profit	**29,430**	41,215
Other income	**4,431**	3,935
Other gains	**143**	158
Selling expenses	**(4,460)**	(4,116)
Administrative expenses	**(7,277)**	(8,169)
Decrease in fair values of investment properties and investment properties under construction	**(31,941)**	(47,844)
Finance income	**1,949**	2,010
Loss before tax	**(7,725)**	(12,811)
Income tax credit	**6,131**	11,183
Loss for the period/year from discontinued operation	**(1,594)**	(1,628)
Loss for the period/year attributable to		
— equity holders of the Company	**(1,050)**	(1,074)
— non-controlling interests	**(544)**	(554)
	(1,594)	(1,628)

9. LOSS PER SHARE

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

From continuing and discontinued operations

	2018	2017
	HK$'000	*HK$'000*
Loss		
Loss for the year attributable to equity holders of the Company for the purpose of basic and diluted loss per share	**(92,650)**	(121,926)
	'000	*'000*
Number of shares		
Weighted average number of shares for the purpose of basic and diluted loss per share	**1,906,172**	1,751,323

From continuing operation

	2018	2017
	HK$'000	*HK$'000*
Loss		
Loss for the year attributable to equity holders of the Company from continuing operation for the purpose of basic and diluted loss per share	**(109,672)**	(120,852)

The denominators used are the same as those calculated above for both basic and diluted loss per share.

Since there are no potential dilutive shares in issue during the years ended 31 March 2018 and 2017, basic and dilutive loss per share are the same for both years.

From discontinued operation

Basic and diluted earnings per share from the discontinued operation is 0.89 HK cent per share (2017: basic and diluted loss per share of 0.06 HK cent per share), based on the profit for the year attributable to equity holders of the Company from the discontinued operation of approximately HK$17,022,000 (2017: loss of approximately HK$1,074,000) and applying the same denominators as those calculated above for both basic and diluted loss per share.

10. DIVIDEND

No dividend was paid or proposed during the year ended 31 March 2018, nor has any dividend been proposed since the end of the reporting period (2017: nil).

11. DEPOSITS, PREPAYMENTS, TRADE AND OTHER RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Trade receivables	**–**	362
Less: allowance for impairment of trade receivables	**–**	(362)
Trade receivables, net	**–**	–
Refundable deposit for acquisition of subsidiaries *(note (i))*	**–**	400,000
Deposits and other receivables *(note (ii))*	**29,009**	67,774
Prepayments *(note (iii))*	**1,140**	66,207
	30,149	533,981
Analyse for reporting purpose as:		
Non-current portion	**523**	55,991
Current portion	**29,626**	477,990
	30,149	533,981

The Group does not hold any collaterals over these balances as at 31 March 2018 and 2017.

The Group has made allowance for impairment for all receivables where recovery of the amounts is remote, unless the Group has determined that such balances are not recoverable, in which case the impairment loss is directly written off against the corresponding trade receivables.

As at 31 March 2017, the Group's trade receivables of approximately HK$362,000 were aged more than 1 year and past due more than 1 year. During the year ended 31 March 2018, the Group's trade receivables were disposed of through the Disposal as detailed in note 17. There was no trade receivable balance as at 31 March 2018.

Notes:

(i) On 2 November 2016, the Group entered into a sale and purchase agreement with Mr. Tsoi Tung ("Mr. Tsoi"), a director of Chongqing Kingstone, to acquire of a property located in Shanghai with a total consideration of RMB500,000,000, equivalent to approximately HK$565,000,000. During the year ended 31 March 2017, a refundable deposit of HK$400,000,000 was paid to Mr. Tsoi. The deposit is refundable if conditions have not been met by Mr. Tsoi as mutually agreed in the sale and purchase agreement.

On 14 August 2017, the above-mentioned acquisition has been terminated and the refundable deposit of HK$400,000,000, with the interest accrued on refundable deposit of approximately HK$29,255,000, were fully refunded by Mr. Tsoi.

Further details are set out in the Company's announcements dated 2 November 2016, 26 May 2017 and 14 August 2017.

(ii) Included in the balance as at 31 March 2018 is approximately RMB18,387,000 (2017: RMB18,387,000), equivalent to approximately HK$22,984,000 (2017: HK$20,777,000), representing an indemnification from the vendor of the Gloryear Group for the loss arising from the termination of the hotel operation of the Gloryear Group.

(iii) Included in the balance as at 31 March 2017 was prepayment for extension of the Group's existing land use rights of approximately RMB55,330,000, equivalent to approximately HK$62,523,000, for the property in Chongqing from August 2043 to August 2053. The extension has been successfully granted in May 2017 and capitalised under investment properties under construction, properties under development and prepaid lease payments during the year ended 31 March 2018.

12. ACCRUALS AND OTHER PAYABLES

	2018	2017
	HK$'000	*HK$'000*
Advances from non-controlling shareholders *(note (i))*	**–**	86,938
Advance receipts from customers	**–**	106,224
Construction costs accruals and payables *(note (ii))*	**146,833**	233,047
Amount due to Mr. Tsoi *(note (iii))*	**–**	48,757
Amounts due to the companies under control of Mr. Tsoi *(note (iii))*	**3,188**	83,336
Other accruals and payables *(note (iv))*	**62,814**	140,647
	212,835	698,949
Analyse for reporting purpose as:		
Non-current portion	**–**	257,136
Current portion	**212,835**	441,813
	212,835	698,949

Notes:

(i) The advances from non-controlling shareholders as at 31 March 2017 were interest-free, unsecured and have no fixed repayment term. The balance has been transferred with the Disposal as detailed in note 17 during the year ended 31 March 2018.

(ii) On 6 March 2017, a main contractor of Chongqing Kingstone, an independent third party of the Group, has undertaken and agreed to extend the credit period granted to Chongqing Kingstone in respect of construction costs of the redevelopment of the property in Chongqing with a total amount of approximately HK$325,022,000 (2018: HK$291,239,000), of which approximately HK$125,043,000 (2018: HK$119,209,000) had been recorded as construction costs accruals and payables as at 31 March 2017 and approximately HK$199,979,000 (2018: HK$172,030,000) was included as capital commitment (note 15) as at 31 March 2017. The main contractor has agreed not to demand any repayment of the above amounts payable or committed by Chongqing Kingstone on or before 30 June 2018 and accordingly, these amounts are classified under non-current liabilities as at 31 March 2017.

As at 31 March 2018, those balances undertaken by such main contractor have been classified under current liabilities.

(iii) The outstanding advance from Mr. Tsoi as at 31 March 2017 had taken into account (i) various advances from independent third parties in aggregate of approximately HK$209,190,000 to Chongqing Kingstone that are assigned to Mr. Tsoi pursuant to various tripartite agreements entered into on 31 March 2017; (ii) receivables of approximately HK$85,841,000 from companies under the control of Mr. Tsoi that is assigned to Mr. Tsoi pursuant to tripartite agreements entered into on 31 March 2017; and (iii) various payments made at the request of Mr. Tsoi in aggregate of approximately HK$72,885,000.

The outstanding balance of amounts due to Mr. Tsoi and the companies under his control of approximately HK$132,093,000 as at 31 March 2017 was interest-free, unsecured and classified under non-current liabilities as Mr. Tsoi agreed not to demand for any repayment on or before 30 June 2018 until the Group has ability to do so.

During the year ended 31 March 2018, the Group has substantially repaid the amounts due to Mr. Tsoi and the companies under control.

(iv) Included in the balance as at 31 March 2018 is approximately RMB18,387,000 (2017: RMB18,387,000), equivalent to approximately HK$22,984,000 (2017:HK$20,777,000), representing the compensation payable in respect of the termination of the hotel operation of the Gloryear Group.

13. BANK AND OTHER BORROWINGS

	2018	2017
	HK$'000	*HK$'000*
Current:		
Secured bonds — interest portion *(note (i))*	**–**	14,597
Unsecured revolving loan — interest portion *(note (iii))*	**–**	44
Unsecured loans — principal and interest portions *(note (iv))*	**120,262**	39,818
Unsecured loan — interest portion *(note (v))*	**1,644**	–
	121,906	54,459
Non-current:		
Secured bonds *(note (i))*	**–**	396,042
Secured trustee loan *(note (ii))*	**–**	904,000
Unsecured revolving loan *(note (iii))*	**–**	50,000
Unsecured loan, principal portion *(note (v))*	**1,000,000**	–
	1,000,000	1,350,042
Total bank and other borrowings	**1,121,906**	1,404,501

Carrying amount repayable (based on scheduled repayment dates set out in the loan agreements):

	2018	2017
	HK$'000	*HK$'000*
On demand	**7,019**	39,818
Within 1 year	**114,887**	14,641
Between 1 and 2 years	**1,000,000**	1,350,042
	1,121,906	1,404,501

Carrying amount of bank and other borrowings that are repayable on demand due to the default on repayment	**–**	39,818
Carrying amount of bank and other borrowings repayable within one year	**114,887**	–
Interest portions of the bank and other borrowings	**7,019**	14,641
Amounts shown under current liabilities	**121,906**	54,459
Amounts shown under non-current liabilities	**1,000,000**	1,350,042
	1,121,906	1,404,501

Notes:

(i) On 4 November 2016, the Group entered into a subscription agreement as issuer with a Cayman Islands incorporated open-ended exempted segregated portfolio company (the "Subscriber"), an independent third party to the Group, pursuant to which the Company issued and the Subscriber subscribed for two-year secured bonds, with an aggregate principal amount of HK$400,000,000. The bonds carried a fixed interest rate of 9% per annum, with the interest payable semi-annually. The secured bonds are secured by the equity interests in Free Gain Ventures Limited, a direct wholly-owned subsidiary of the Company.

The effective interest rate of the secured bonds is 9%.

The Group has early redeemed all the secured bonds on 18 August 2017.

(ii) The Group entered into a fund arrangement with a financial institution (the "Trustee"), an independent third party to the Group. Pursuant to the fund arrangement, the Trustee raised a two-year trustee loan with principal amount totalling RMB800,000,000, equivalent to approximately HK$904,000,000, which will mature on 24 June 2018. The trustee loan carried a fixed interest rate of 8.1% per annum, with the interest payable quarterly.

The trustee loan was secured by the Group's investment properties under construction, property, plant and equipment, prepaid lease payments and properties under development of approximately HK$1,441,259,000, HK$443,020,000, HK$262,042,000 and HK$427,035,000, respectively. The pledged assets have been released upon the repayment of trustee loan during the year ended 31 March 2018.

The effective interest rate of the trustee loan is 8.1%.

(iii) The Group entered into a 2-year revolving loan facility of HK$200,000,000 with a financing company to finance the Group's funding needs during the year ended 31 March 2017. The facility is unsecured, carries a fixed interest rate of 8% per annum, with the interest payable quarterly, and will mature on 12 January 2019. As at 31 March 2017, the Group has drawn down the facility of HK$50,000,000 and had no further withdrawal as at 31 March 2018.

The effective interest rate of the revolving loan is 8%.

The revolving loan has been fully repaid during the year ended 31 March 2018.

(iv) During the year ended 31 March 2018, the Group entered into loan agreements with several independent third parties to the Group with aggregate principal amount of RMB91,910,000, equivalent to approximately HK$114,887,000, of which a principal amount of RMB45,350,000, equivalent to approximately HK$56,687,000, was borrowed from a company beneficially owned by Mr. Hu Xingrong. The unsecured loans carry a fixed interest rate of 10% per annum, with the interest payable quarterly, and will mature 1 year after the drawndown date.

The effective interest rate of the above-mentioned unsecured loans is 10%.

As at 31 March 2017, unsecured loans with aggregate amount of RMB30,000,000, equivalent to approximately HK$33,900,000, carried interest rate of 12% per annum and guaranteed by a company beneficially owned by Mr. Tsoi, were in default for immediate repayment. Daily interest rate of 0.05% as stated in the loan agreements, has been charged starting from the date of the default on repayment with penalty of RMB2,000,000, equivalent to approximately HK$2,260,000. As at 31 March 2017, aggregate amount of penalty and interest of approximately RMB5,237,000, equivalent to approximately HK$5,918,000, has been charged to the profit or loss of the Group.

The unsecured loans as at 31 March 2017 have been fully repaid during the year ended 31 March 2018, with waiver on partial penalty and interest granted by the lender, in which a gain of approximately RMB1,677,000, equivalent to approximately HK$1,979,000, has been credited under other gains (2017: nil).

The effective interest rate of the unsecured loans as at 31 March 2017 was 12%.

(v) During the year ended 31 March 2018, the Group entered into a loan agreement with an independent third party to the Group for an unsecured loan with principal amount of RMB800,000,000, equivalent to approximately HK$1,000,000,000, to settle the trustee loan. The unsecured loan carries a fixed interest rate of 10% per annum, with the interest payable quarterly, and will mature on 25 March 2020.

The effective interest rate of the above-mentioned unsecured loan is 10%.

At the end of the reporting period, the Group has the following undrawn facility:

	2018	2017
	HK$'000	*HK$'000*
Fixed rate		
— expiring on 12 January 2019	**200,000**	150,000

14. PROMISSORY NOTES

	2018	2017
	HK$'000	*HK$'000*
At the beginning of the year	**793,347**	–
Issue of promissory notes	**–**	1,168,000
Redemption	**–**	(390,000)
Interest charge *(note 5)*	**62,240**	47,938
Interest paid upon early redemption	**–**	(32,591)
At the end of the year	**855,587**	793,347

On 28 July 2016, the Company issued promissory notes with a principal amount of HK$1,168,000,000 as part of the consideration to acquire of the entire equity interest in the Gloryear Group (note 16). The promissory notes are unsecured, carries a fixed interest rate of 8% per annum and will mature on 28 July 2019. All interests will be paid on the date of the maturity date. The Company may redeem (in full or in part) the promissory notes at any time after the date of issue of the promissory notes and before the maturity date by serving prior notice to the promissory notes holder. The promissory notes are measured at amortised cost, using the effective interest rates at 8%.

During the year ended 31 March 2017, the Company had early redeemed part of the promissory notes with principal amount of HK$390,000,000, with payment of interest of approximately HK$32,591,000. No promissory note was redeemed during the year ended 31 March 2018.

On 15 December 2017, promissory notes with aggregate principal amount of HK$778,000,000 have been transferred to Total Idea International Limited, in which Mr. Hu Xingrong was the ultimate beneficial owner.

15. CAPITAL COMMITMENT

	2018	2017
	HK$'000	*HK$'000*
Capital expenditure contracted but not provided for in the consolidated financial statements		
— Construction of properties	**231,910**	241,552

Note: Included in the capital commitments as at 31 March 2018 was amount of approximately HK$172,030,000 (2017: HK$199,979,000) which was undertaken by the main contractor of Chongqing Kingstone and the main contractor has agreed not to demand repayment from Chongqing Kingstone on or before 30 June 2018.

16. ACQUISITION OF SUBSIDIARIES ACCOUNTED FOR AS ASSETS ACQUISITION

On 28 July 2016, the Group acquired of the entire equity interests in the Gloryear Group at a consideration of HK$1,468,000,000 with acquisition-related costs of approximately HK$4,884,000. The major assets of the Gloryear Group are property, plant and equipment, prepaid lease payments, investment properties under construction and properties under development, and accordingly, the transactions have been accounted for as acquisition of assets.

The following table summarises the consideration paid for the acquisition of the Gloryear Group.

	28 July 2016 to 31 March 2017
	HK$'000
Purchase consideration	
— Cash paid	300,000
— Promissory notes	1,168,000
	1,468,000
Directly attributable costs	4,884
Total consideration transferred	1,472,884

The amounts of the identifiable assets acquired and liabilities assumed recognised at the acquisition date are summarised as follows:

	28 July 2016
	HK$'000
Property, plant and equipment	422,977
Prepaid lease payments	273,495
Investment properties under construction	1,445,167
Properties under development	485,938
Prepayments and other receivables *(note)*	91,646
Amount due from Mr. Tsoi	1,476
Amount due from a company under control of Mr. Tsoi	700
Cash and cash equivalents	1,782
Accruals and other payables *(note)*	(194,437)
Amounts due to companies under control or Mr. Tsoi	(89,380)
Bank borrowing	(966,480)
Total net identifiable assets	1,472,884

Note: Included in prepayments and other receivables was other receivable of approximately RMB18,387,000, equivalent to approximately HK$22,064,000, in respect of an indemnification from the spouse of Mr. Tsoi for the loss arising from the termination of the hotel operation of the Gloryear Group pursuant to the sale and purchase agreement.

Included in other payables was the corresponding compensation payable in respect of the termination of the hotel operation of the Gloryear Group.

17. DISPOSAL OF SUBSIDIARIES

The Group completed the Disposal on 3 January 2018 at a cash consideration of RMB362,480,000, equivalent to HK$428,659,000. The net assets of the Smartest Man Group at the date of disposal were as follows:

	3 January 2018
	HK$'000
Cash received	**428,659**
Less: direct transaction costs in relation to the Disposal	**(1,386)**
Net consideration received	**427,273**

Analysis of assets and liabilities over which control was lost:

	3 January 2018
	HK$'000
Investment properties	**661,920**
Investment properties under construction	**62,760**
Plant and equipment	**131**
Properties under development	**38,553**
Completed properties held for sale	**259,108**
Deposits, prepayments, trade and other receivables	**33,894**
Restricted bank balance	**703**
Cash and cash equivalents	**189,128**
Accruals and other payables	**(381,339)**
Current income tax liabilities	**(130,363)**
Deferred tax liabilities	**(140,016)**
Net assets disposed of	**594,479**

Gain on the Disposal:

	3 January 2018
	HK$'000
Net consideration received	**427,273**
Net assets disposed of	**(594,479)**
Non-controlling interests	**156,418**
Cumulative exchange differences in respect of the net assets of the subsidiaries reclassified from equity to profit or loss on loss of control of the subsidiaries	**28,860**
Gain on disposal of subsidiaries *(note 8)*	**18,072**

18. COMPARATIVE FIGURES

During the current year, the Group completed the Disposal as disclosed in notes 8 and 17. As a result, certain comparative figures are restated to conform with the current year's presentation.

19. EVENT AFTER THE REPORTING PERIOD

On 1 June 2018, the Group obtained a 2-year unsecured revolving loan facility from Mr. Hu Xingrong and a company controlled by Mr. Hu Xingrong with amount up to RMB500,000,000, equivalent to approximately HK$625,000,000, and carrying an interest rate of 9% per annum and RMB150,000,000 has been drawndown.

SCOPE OF WORK OF SHINEWING (HK) CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2018 as set out in the preliminary announcement have been agreed by the Company's auditor, SHINEWING (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by SHINEWING (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by SHINEWING (HK) CPA Limited on the preliminary announcement.

FINAL DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 March 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Overview

The board is pleased to report the results of the Group for the year ended 31 March 2018 ("FY18"). During FY18, the consolidated loss attributable to equity holders of the Company was HK$92.7 million (year ended 31 March 2017 ("FY17"): HK$121.9 million). Basic loss per share was 4.86 HK cents (FY17: 6.96 HK cents).

Business Review

The Group remained focusing on the development, sales and leasing of properties in Mainland China. During FY18, property sales volume and property price in Mainland China increased progressively and expected to grow in forthcoming years.

Chongqing Property

The location of the property held by Chongqing Kingstone (the "Chongqing Property") is in Jiefangbei business district of Yuzhong District and is close to Jiefangbei Walking Street, which is a pedestrian lane with numerous retail shops. Given the geographical location of the Chongqing Property, the Company considers it will benefit from the heavy pedestrian flow nearby and thus aim to develop the Chongqing Property to become a new landmark in Yuzhong District.

Chongqing Property is in the progress of redevelopment (renovation without demolishing/altering the building structure). Upon completion of the redevelopment, the Chongqing Property will comprise residential apartments (for sale), service apartments (for lease) and retail units in a shopping mall (for lease).

As at the date of this report, the redevelopment of the Chongqing Property was partially completed where certain of the residential apartments have been made available for sale since March 2017. Given the property price in Chongqing has increased since July 2016 when the Group acquired of Chongqing Kingstone and it is anticipated the property price in Chongqing will continue to rise in the foreseeable future based on the current market trend, it is currently the Group's business strategy to slowly and gradually offer the residential apartments for sale to the public in order to enjoy the anticipated growth in property price in Chongqing.

The remaining redevelopment consist of the service apartments (which will be managed by an international renowned hotel management group) and the shopping mall, which is expected to be completed and ready for lease in the first quarter of 2019. It is estimated that revenue from the leasing of the service apartments and the shopping mall will be recorded during the year ending 31 March 2019 and Chongqing Kingstone will be able to generate stable rental income to the Group in the long run.

CP&J City

On 1 November 2017, Man Sang Enterprise Ltd. (the "Vendor"), a direct wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with 諸暨市通和珠寶有限公司 (The "Purchaser"), an independent third party not connected to the Group, pursuant to which the Purchaser has conditionally agreed to purchase and the Vendor has conditionally agreed to sell, the entire equity interest in Smartest Man (the holding company of CP&J City), together with the amount due to the Group, at an aggregate consideration of RMB362.5 million (equivalent to approximately HK$428.7 million).

CP&J City consists of a large-scale international pearl and jewellery trading platform and the related commercial properties including residential apartments, factories buildings, a composite building and a commercial plaza located in Zhuji of Zhejiang, the PRC for sale and leasing.

Since 2006, the Group has invested approximately HK$234.8 million in total as the cost of acquiring the 65.85% shareholdings in China Pearls and Jewellery City Holdings Limited ("CP&J Holdings"), the immediate holding company of CP&J City. According to a memorandum (the "Memorandum") signed by the Group and the local government of Zhuji, the PRC, on 24 January 2006, upon 75% to 80% of the phase 1 of the CP&J City ("Phase 1") has been developed, the parties involved in the Memorandum would need to commence the development of the phase 2 of the CP&J City ("Phase 2"). Phase 1 has been substantially completed and the Company has been evaluating the total investment costs required for the development of Phase 2.

According to the most recent estimation made by management, the Group will need to commit approximately RMB140 million for the construction of the remaining part of Phase 1, and a further RMB1,500 million will be required for the construction of Phase 2 over the next 3 years. Management anticipated that part of the estimated construction costs can be funded by internal resources and bank borrowings which is expected to be no more than 50% of the total construction cost based on discussion with various PRC banks, meaning the Company will need to raise additional fundings of at least RMB820 million from other sources in order to satisfy the funding requirement of the constructions.

Based on the facts that (i) the Disposal represents a good opportunity for the Company to realise the gain in its investment in CP&J Holdings in cash; (ii) the total construction costs of approximately RMB1,640 million in respect of Phase 1 and Phase 2 of the CP&J City will create significant financial burden to the Group which may deteriorate the results of the Group; and (iii) the outlook of the property market in Zhuji is not promising which could be evidenced by the fair value losses incurred for the investment properties and investment properties under construction in CP&J City in FY17, it is considered that the Disposal is in the interests of the Company and the shareholders of the Company as a whole.

The Disposal was completed on 3 January 2018.

Proposed acquisition of a property located in Shanghai

As announced on 2 November 2016, the Company has signed a sale and purchase agreement (the "Agreement") to purchase a property located in the central business district of Shanghai, the PRC (the "Property") at a consideration comprises a sum of RMB500 million and grant of an option to subscribe for the shares of the Company representing 5% of the issued share capital of the Company upon completion of the transaction (the "Proposed Acquisition"). During the course of the due diligence exercise, it has come to the attention of the Company that other than the litigations involving the company holding the Property that were already known to the Company as at the date of the Agreement, there are certain other litigations involving the company holding the Property which remain unsettled and the corresponding settlement amounts are yet to be ascertained. It is considered that substantial time and capital would be required to ascertain the settlement amounts of the abovementioned litigations so as to determine the final adjustment to the consideration. On 14 August 2017, the parties to the Agreement therefore entered into a deed of termination pursuant to which the parties to the Agreement mutually irrevocably and unconditionally agreed that the Proposed Acquisition be terminated immediately and cease to have any effect. The vendor has also refunded the deposit of HK$400 million (together with the interest incurred at a rate of 9.5% per annum on the deposit for the period from the payment date to the return date of the deposit) to the Company.

Early redemption of secured bonds

As announced on 18 August 2017, the Company has early redeemed the secured bonds in the principal amount of HK$400 million plus interest on 18 August 2017 (the "Early Redemption"). The Early Redemption was fully funded by the return of the initial deposit amounting to HK$400 million previously paid by the Company in respect of the Proposed Acquisition plus interest as such transaction has been terminated on 14 August 2017.

Looking forward

Benefit from the development of "The Belt and Road Initiative", and the prestigious location of the Chongqing Property, the property market is expected to grow progressively. After the completion of the redevelopment of Chongqing Property during the year ending 31 March 2019, the revenue from selling of those residential apartments, leasing of the services apartments and retail units in shopping mall will be able to generate stable income to the Group in the long run.

The Company has also been continuously evaluating the current business strategies of the Group and the financing performance of the Group's existing businesses with an aim to achieve the best use of its resources and improve its overall performance and portfolio diversification. The Company has been actively looking to diversify the revenue sources of the Group in order to create shareholders' value through making investments and/or acquiring business or projects that have promising outlooks and prospects.

The Company will closely monitor and manage its financial position, and may carry out fund raising activities, including but not limited to equity financing and/or debt financing as and when appropriate to meet our anticipated future liquidity requirements and capital expenditure commitment.

Financial Review

Revenue and gross profit

Revenue of the Group from continuing operation was HK$23.2 million (FY17: HK$133.7 million) during FY18, which represent sales of residential apartments in Chongqing Kingstone.

Gross profit of the Group from continuing operation therefore decreased by HK$84.6 million or 92.2% to HK$7.2 million (FY17: HK$91.8 million) in FY18.

Selling and administrative expenses (the "S&A expenses")

S&A expenses from continuing operation comprised selling expenses of HK$5.6 million (FY17: HK$7.3 million) and administrative expenses of HK$50.4 million (FY17: HK$37.0 million). S&A expenses increased by HK$11.7 million or 26.4% to HK$56.0 million (FY17: HK$44.3 million) in FY18, which was primarily due to nine months administrative expenses incurred in Chongqing Kingstone after the completion of the acquisition of Chongqing Kingstone in July 2016 as compared to full year operation in FY18.

Loss attributable to equity holders of the Company

The loss attributable to equity holders of the Company from continuing operation improved from HK$121.9 million in FY17 to HK$92.7 million in FY18, representing an approximately 24% decrease over the previous year, which was mainly attributable to the net effect of (1) sales of properties of the Group in FY18 decreased to HK$23.2 million from HK$133.7 million in FY17; (2) a gain in fair value of investment properties under construction of HK$54.1 million in FY18 (FY17: HK$6.1 million); (3) an increase in finance income of HK$29.3 million (FY17: nil) due to interest income earned from refundable deposit for the Proposed Acquisition; (4) an increase in finance costs due to an increase in interest expenses incurred from bank and other borrowings of HK$32.6 million; and (5) a gain on disposal of the Smartest Man Group of HK$18.1 million in FY18 (FY17: nil).

Liquidity and capital resources

As at 31 March 2018, the Group's total equity was HK$1,024.3 million (2017: HK$1,128.8 million), representing a decrease of 9.3% from last year.

As at 31 March 2018, the Group did not have any restricted bank balance (2017: HK$0.7 million). As at 31 March 2018, the Group had cash and cash equivalents of HK$55.4 million (2017: HK$242 million). Cash and bank balances were mainly denominated in Hong Kong dollars and Renminbi. The Group's working capital or net current assets were HK$232.3 million (2017: HK$754.9 million). The current ratio, represented by the current assets divided by the current liabilities, was 1.6 (2017: 2.1).

As at 31 March 2018, the Group's total borrowings (including promissory notes), which were denominated in Hong Kong dollars and Renminbi were HK$1,977.5 million (2017: HK$2,197.8 million) and were interest-bearing. The Group does not currently use any derivatives to manage interest rate risk. Gearing ratio, represented by total borrowings divided by total equity, was 1.9 (2017: 1.9).

During the year ended 31 March 2018, the Group reported net loss of approximately HK$93.2 million. As at 31 March 2018, the Group had current liabilities of approximately HK$416.4 million and total borrowings, including promissory notes, of approximately HK$1,977.5 million of which approximately HK$121.9 million will be due in the coming twelve months from the end of the reporting period. As at the same date, the Group also had capital commitment of approximately HK$231.9 million, while its net current assets and cash and cash equivalents amounted to approximately HK$232.3 million and HK$55.4 million, respectively.

In view of the above, the Directors have reviewed the Group's cash flow projections covering a period of twelve months from 31 March 2018 which have taken into account the following measures.

(1) Chongqing Kingstone has commenced the sales of the properties from the year ended 31 March 2017 which is expected to generate operating cash inflows to the Group;

(2) On 1 June 2018, the Group obtained a 2-year unsecured revolving loan facility from Mr. Hu Xingrong, the chairman, an executive director and a substantial shareholder of the Company, and a company controlled by Mr. Hu Xingrong, with amount up to RMB500 million, equivalent to approximately HK$625 million, and carrying an interest rate of 9% per annum and RMB150 million has been drawndown;

(3) The Group had available unsecured revolving loan facility of HK$200 million carrying an interest rate of 8% per annum from a financing company, which is a subsidiary of a company listed on the Stock Exchange, and will be valid up to 12 January 2019;

(4) The Group will not early redeem any promissory notes before the maturity date until the Group is in a financial position to do so; and

(5) The Group will consider to raise additional capital, as and when needed, by carrying out fund raising activities, to finance the operations of the Group.

Based on the above, in the opinion of the Directors, the Group will have sufficient working capital to fulfil its financial obligations as and when they fall due in the coming twelve months from 31 March 2018. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis. These consolidated financial statements do not include any adjustments relating to the carrying amounts and reclassification of assets and liabilities that might be necessary should the Group be unable to continue as a going concern.

Pledge of assets

(i) The Group's trustee loan was secured by certain investment properties under construction, properties, plant and equipment, prepaid lease payments and properties under development in the PRC of HK$1,441.3 million, HK$443 million, HK$262 million and HK$427 million respectively to a financial institution to secure the trustee loan granted to Chongqing Kingstone. The pledge of assets have been released upon the repayment of trustee loan during the year ended 31 March 2018.

(ii) Certain investment properties as at 31 March 2017 amounting to approximately HK$14.8 million were pledged to secure a loan granted by a PRC bank to an independent third party not connected with the Group. The charge has been released on 22 April 2017.

Capital structure and use of proceeds from a fund raising activity

On 26 September 2016, a total of 317,528,000 new shares were allotted and issued at the subscription price of HK$0.60 per share. The net proceeds from the subscription of approximately HK$190.5 million were fully utilized for early redemption of part of the promissory notes in FY17.

Exposure to fluctuations in exchange rates

The Group principally operates its businesses in Hong Kong and Mainland China. The Group has subsidiaries operating in Mainland China, in which most of their transactions are denominated in Renminbi. The Group is exposed to foreign exchange fluctuations from Renminbi which is the main foreign currency transacted by the Group during FY18.

The Group has not entered into any foreign exchange contract as hedging measures. The Group manages its foreign currency risk against Renminbi by closely monitoring its movement and may use hedging derivative, such as foreign currency forward contract, to manage its foreign currency risk as appropriate.

Financial guarantees

As at 31 March 2017, the Group had contingent liabilities of HK$50.3 million in respect of guaranteeing the mortgage for certain purchasers of properties in CP&J City under mortgage collaboration agreements with a bank in the PRC. The Group is no longer exposed to such financial guarantees following the completion of the Disposal.

Human resources and remuneration policy

As at 31 March 2018, the Group had a total workforce of 61 (2017: 62), of whom 11 (2017: 9) were based in Hong Kong. The total staff cost, including directors' emoluments and mandatory provident fund, was approximately HK$27.2 million (2017: HK$17.7 million). Employees were remunerated on the basis of their performance and experience. Remuneration packages, including salary and year-end discretionary bonus, were determined by reference to market conditions and individual performance.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct for dealing in securities of the Company by the Directors. All Directors have confirmed, upon specific enquiries made by the Company, that they have complied with the required standard set out in the Model Code during the year ended 31 March 2018. To ensure Directors' dealings in the securities of the Company (the "Securities") are conducted in accordance with the Model Code and securities code of the Company, a Director is required to notify the Chairman in writing and obtain a written acknowledgement from the Chairman prior to any dealings in the Securities.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has complied with the requirements under Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules. The Company has received confirmation of independence from all three Independent Non-Executive Directors, namely Mr. Lai Hok Lim, Mr. Lei Seng Fat and Mr. Wong Tak Chuen in accordance with Rule 3.13 of the Listing Rules.

The Board has reviewed the independence of all Independent Non-Executive Directors and concluded that all of them are independent within the definition of the Listing Rules. Furthermore, the Board is not aware of the occurrence of any events which would cause it to believe that the independence of any of the Independent Non-Executive Directors has been impaired up to the date of this announcement.

AUDIT COMMITTEE

The audit committee, which comprises all three Independent Non-Executive Directors of the Company, has reviewed with the management, the accounting principles and practices adopted by the Group and discussed the internal control, risk management and financial reporting matters including the review of the consolidated financial statements of the Group for the year ended 31 March 2018.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2018.

CORPORATE GOVERNANCE CODE

The Group recognises the importance of achieving the highest standard of corporate governance consistent with the needs and requirements of its businesses and the best interest of all of its stakeholders, and the Board is fully committed to doing so. The Board believes that high standards of corporate governance provide a framework and solid foundation for the Group to manage business risks, enhance transparency, achieve high standard of accountability and protect stakeholders' interests.

The Group has adopted a corporate governance statement of policy which provides guidance on the application of the corporate governance principles on the Group, with reference to the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange.

In the opinion of the Directors, the Company has complied with all code provisions as set out in the CG Code throughout the year ended 31 March 2018 save for the deviations from code provision A.6.7 which is explained in the relevant paragraph in this Report.

CODE PROVISION A.6.7

Under code provision of the CG Code, independent non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. One independent non-executive director was absent from the Company's annual general meeting held on 14 November 2017 due to other business commitments.

PROSPECTS

The Chongqing Property is currently in the progress of redevelopment. Upon the completion of redevelopment, it will comprise residential apartments, service apartments and shopping mall. This project was partially completed where the residential apartments have been made available for sales since March 2017. The remaining redevelopment is expected to be completed in the first quarter in 2019.

Given the Chongqing Property is located within the central business district, the promising commercial and residential property market in Chongqing with the increasing purchasing power and the implementation of "The Belt and Road Initiative" which brings development opportunities there, the Chongqing property market is expected to achieve substantial growth in foreseeable future. After the completion of the redevelopment, the selling of residential apartments, leasing of service apartments and retail units in shopping mall will be able to generate stable income to the Group in the long run.

The Company has also been continuously evaluating the current business strategies of the Group and the financing performance of the Group's existing businesses with an aim to achieve the best use of its resources and improve its overall performance and portfolio diversification. The Company has been actively looking to diversify the revenue sources of the Group in order to create shareholders' value through making investments and/or acquiring business or projects that have promising outlooks and prospects.

The Company will closely monitor and manage its financial position, and may carry out fund raising activities, including but not limited to equity financing and/or debt financing as and when appropriate to meet our anticipated future liquidity requirements and capital expenditure commitment.

BOARD OF DIRECTORS

As at the date hereof, the executive directors of the Company are Mr. Hu Xingrong (Chairman), Ms. Cheng Ka Ki, Mr. Huang Xiaohai, Mr. Leung Alex and Mr. Yuan Huixia; whilst the independent non-executive directors of the Company are Mr. Lai Hok Lim, Mr. Lei Seng Fat and Mr. Wong Tak Chuen.

By Order of the Board
MAN SANG INTERNATIONAL LIMITED
Leung Alex
Executive Director and Company Secretary

Hong Kong, 14 June 2018

Remark:

This results announcement is published on the website of the Company at www.msil.com.hk and the Stock Exchange's website at www.hkexnews.hk.