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## **MAN SANG INTERNATIONAL LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 938)**

### **UNAUDITED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022**

The board of directors (the “**Board**”) of Man Sang International Limited (the “**Company**”) is pleased to announce the unaudited financial results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 September 2022, together with the unaudited comparative figures for the corresponding period in 2021.

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2022

		Six months ended 30 September	
	Notes	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue	3	82,919	49,035
Cost of sales		<u>(80,522)</u>	<u>(47,198)</u>
Gross profit		2,397	1,837
Other income and (losses) gains, net		(1,423)	3,519
Decrease in fair value of financial asset at fair value through profit or loss		(246)	(7,618)
Selling expenses		(8,342)	(7,136)
Administrative expenses		(45,251)	(44,752)
Decrease in fair values of investment properties		(1,040)	(64,808)
Finance income		32	23
Finance costs	4	<u>(88,998)</u>	<u>(96,849)</u>
<b>Loss before tax</b>	5	<b>(142,871)</b>	<b>(215,784)</b>
Income tax (expenses) credits	6	<u>(3,218)</u>	<u>15,637</u>
<b>Loss for the period</b>		<b><u>(146,089)</u></b>	<b><u>(200,147)</u></b>
<b>Attributable to:</b>			
Equity holders of the Company		(146,860)	(199,856)
Non-controlling interests		<u>771</u>	<u>(291)</u>
		<b><u>(146,089)</u></b>	<b><u>(200,147)</u></b>
<b>LOSS PER SHARE</b>			
– basic and diluted ( <i>HK cents</i> )	8	<u>(22.69)</u>	<u>(45.20)</u>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

*For the six months ended 30 September 2022*

	<b>Six months ended 30</b>	
	<b>September</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Other comprehensive income (expenses):</b>		
<b><i>Items that may be reclassified subsequently to profit or loss:</i></b>		
Exchange differences on translation of foreign operations	<u>(113,781)</u>	<u>56,451</u>
Total comprehensive expenses for the period	<u>(259,870)</u>	<u>(143,696)</u>
Attributable to:		
Equity holders of the Company	(260,718)	(143,451)
Non-controlling interests	<u>848</u>	<u>(245)</u>
	<u>(259,870)</u>	<u>(143,696)</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2022

		<b>30 September 2022</b>	31 March 2022
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Non-current assets</b>			
Investment properties	9	1,748,450	1,957,299
Property, plant and equipment	9	552,999	633,604
Financial asset at fair value through profit or loss		2,218	2,741
Right-of-use assets		169,865	203,110
Intangible asset		1,631	1,706
Other receivables	10	7,021	9,794
		<u>2,482,184</u>	<u>2,808,254</u>
<b>Current assets</b>			
Properties held for sales		410,810	465,440
Inventories		4,728	4,586
Trade and other receivables	10	28,759	26,363
Contract assets		7,501	9,691
Amounts due from related companies		6,682	6,164
Cash and cash equivalents		28,697	31,770
		<u>487,177</u>	<u>544,014</u>
<b>Current liabilities</b>			
Trade and other payables	11	147,005	152,221
Amounts due to related companies		2,123	2,421
Tax payables		143,198	160,121
Promissory notes	12	890,112	–
Bank and other borrowings	13	16,143	32,949
Unsecured borrowings from a director	14	420,964	14,765
Lease liabilities		1,540	2,071
		<u>1,621,085</u>	<u>364,548</u>
<b>Net current (liabilities) assets</b>		<u>(1,133,908)</u>	<u>179,466</u>
<b>Total assets less current liabilities</b>		<u>1,348,276</u>	<u>2,987,720</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION – *Continued***  
*At 30 September 2022*

		<b>30 September</b>	31 March
		<b>2022</b>	2022
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Non-current liabilities</b>			
Deferred income tax liabilities		<b>11,632</b>	15,060
Promissory notes	<i>12</i>	–	868,052
Bank and other borrowings	<i>13</i>	<b>1,382,137</b>	1,508,937
Unsecured borrowings from a director	<i>14</i>	–	377,561
Lease liabilities		<b>8,863</b>	10,782
Other payables	<i>11</i>	<b>15,355</b>	17,169
		<u><b>1,417,987</b></u>	<u>2,797,561</u>
<b>Net (liabilities) assets</b>		<u><b>(69,711)</b></u>	<u>190,159</u>
<b>Capital and reserves</b>			
Share capital	<i>15</i>	<b>323,599</b>	323,599
Reserves		<u><b>(393,050)</b></u>	<u>(132,332)</u>
Equity attributable to owners of the Company		<b>(69,451)</b>	191,267
Non-controlling interests		<u><b>(260)</b></u>	<u>(1,108)</u>
<b>Total equity</b>		<u><b>(69,711)</b></u>	<u>190,159</u>

## NOTES

### 1. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated interim financial information has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

This condensed consolidated interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2021 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

For the six months ended 30 September 2022, the Group reported net loss of approximately HK\$146,089,000. As at 30 September 2022, the Group had total current liabilities of approximately HK\$1,621,085,000, including bank and other borrowings, promissory notes and unsecured borrowings from a director of approximately HK\$16,143,000, HK\$890,112,000 and HK\$420,964,000 respectively. As at the same date, the Group also had capital commitment of approximately HK\$2,919,000 (note 16).

In view of the above, the directors of the Company have reviewed the Group’s cash flow projection covering a period of twelve months from 30 September 2022 which have taken into account the following measures:

- (1) The operation of the property project of Chongqing Kingstone Land Co., Ltd\* (重慶皇石置地有限公司) (“**Chongqing Kingstone**”), an indirect wholly owned subsidiary of the Company, is expected to generate operating cash inflows to the Group;
- (2) The continuous financial support from Mr. Hu with unutilised facilities as at 30 September 2022 amounting to approximately HK\$226,017,000 available for drawdown at the Group’s request; and
- (3) It is expected that the extension of maturity dates of the facilities granted from Mr. Hu and the promissory notes by at least one year will be agreed.

Based on the above, in the opinion of the directors of the Company, the Group will have sufficient working capital to fulfill its financial obligations as and when they fall due in the coming twelve months from 30 September 2022. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the condensed consolidated interim financial information on a going concern basis.

Since 2020, the Coronavirus Disease 2019 (“**COVID-19**”) pandemic has spread across China and other countries. COVID-19 has affected the financial performance, position of the property development industry and hotel industry. The Group kept continuous attention on the situation of the COVID-19 and reacted actively to its impact on the financial position and operating results of the Group.

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated interim financial information has been prepared on the historical cost basis except for investment properties and financial asset at fair value through profit or loss, which are measured at fair values.

The accounting policies used in the preparation of these condensed consolidated interim financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2022 except as described below.

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatory effective for the annual period beginning on or after 1 April 2022 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendment to HKFRSs	Annual Improvements to HKFRSs 2018–2020 cycle

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated interim financial information.

## 3. REVENUE AND SEGMENT INFORMATION

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

The CODM reviews the overall results of consolidated financial performance of the Group as a whole prepared based on the same accounting policies.

The Group's operating businesses are structured and managed separately according to the nature of the operations and the product perspectives. Each of the Group's reportable operating segment represents a strategic business unit that are subject to risks and returns that are different from the other reportable operating segment. Details of the reportable operating segments are as follows:

1. Chongqing property – Property development, sales of properties and leasing of properties;
2. Property management services – Provision of property management services;
3. Renovation and decoration – Provision of renovation and decoration services; and
4. Hotel operation in Japan – Hotel operation in Hokkaido, Japan.

The following is an analysis of the Group's revenue and results by reportable and operating segments.

**For the six months ended 30 September 2022 (unaudited)**

	<b>Chongqing Property HK\$'000</b>	<b>Property management services HK\$'000</b>	<b>Renovation and decoration HK\$'000</b>	<b>Hotel operation in Japan HK\$'000</b>	<b>Total HK\$'000</b>
<b>REVENUE</b>					
Revenue from external customers	<u>22,852</u>	<u>17,549</u>	<u>36,321</u>	<u>6,197</u>	<u>82,919</u>
Segment (loss) profit	(106,966)	3,486	2,895	(4,692)	(105,277)
Unallocated income					1
Unallocated expenses					<u>(37,595)</u>
Loss before tax					<u>(142,871)</u>

**For the six months ended 30 September 2021 (unaudited)**

	<b>Chongqing Property HK\$'000</b>	<b>Property management services HK\$'000</b>	<b>Renovation and decoration HK\$'000</b>	<b>Hotel operation in Japan HK\$'000</b>	<b>Total HK\$'000</b>
<b>REVENUE</b>					
Revenue from external customers	<u>21,770</u>	<u>14,353</u>	<u>7,860</u>	<u>5,052</u>	<u>49,035</u>
Segment (loss) profit	(162,168)	1,377	(562)	(4,676)	(166,029)
Unallocated income					7
Unallocated expenses					<u>(49,762)</u>
Loss before tax					<u>(215,784)</u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment (loss) profit represents the (loss from) profit earned by each segment without allocation of certain finance income, certain finance costs and certain expenses. This is the measure reported to CODM for the purposes of resource allocation and performance assessment.



#### 4. FINANCE COSTS

	Six months ended 30 September	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Finance costs:		
– Interest on bank and other borrowings	52,649	53,543
– Interest on unsecured borrowings from a director	13,887	11,539
– Interest on promissory notes ( <i>note 12</i> )	22,060	31,205
– Interest on lease liabilities	402	562
	<u>88,998</u>	<u>96,849</u>

#### 5. LOSS BEFORE TAX

Loss before tax has been arrived at after charging:

	Six months ended 30 September	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Cost of completed properties held for sales	9,192	–
Depreciation of property, plant and equipment	16,268	16,909
Depreciation of right-of-use assets	2,808	2,856
	<u>28,268</u>	<u>19,765</u>

## 6. INCOME TAX EXPENSES (CREDITS)

	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current income tax:		
– PRC Enterprise Income Tax	3,043	219
– PRC land appreciation tax	89	–
	<u>3,132</u>	<u>219</u>
Deferred income tax	<u>86</u>	<u>(15,856)</u>
	<u><u>3,218</u></u>	<u><u>(15,637)</u></u>

### Hong Kong Profits Tax

No Hong Kong Profits Tax has been provided since no assessable profits have been generated during the six months ended 30 September 2022 (2021: nil).

### Japan Corporate Income Tax

No Japan Corporate Income Tax has been provided since no assessable profits have been generated the six months ended 30 September 2022 (2021: nil).

### 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% (2021: 25%) on the estimated assessable profits for the six months ended 30 September 2022 under the Law of the PRC's on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law.

### 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, which is calculated based on the proceeds of sales of properties less deductible expenditures including cost of land use rights, borrowing costs, statutory deduction and all property development expenditures.

## 7. DIVIDEND

No dividend was paid or proposed during the six months ended 30 September 2022, nor has any dividend been proposed since the end of the reporting period (2021: nil).

## 8. 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:

	<b>Six months ended 30 September</b>	
	<b>2022</b>	<b>2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Loss</b>		
Loss attributable to equity holders of the Company for the purpose of basic and diluted loss per share	<u><b>(146,860)</b></u>	<u><b>(199,856)</b></u>
	<b>'000</b>	<b>'000</b>
<b>Number of shares</b>		
Weighted average number of shares for the purpose of basic and diluted loss per share	<u><b>647,199</b></u>	<u><b>442,199</b></u>

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

Since there are no potential dilutive shares in issue during the six months ended 30 September 2022 and 2021, basic and dilutive loss per share are the same for both reporting periods.

## 9. INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

Valuations of the Group's investment properties as at 30 September 2022 and 31 March 2022 were performed by CHFT Advisory and Appraisals Limited, an independent professional valuer not connected with the Group who holds recognised relevant professional qualification and have recent experience in valuing similar properties in the similar locations for the properties located in Chongqing.

The fair value measurements for the investment properties are included in level 3 of the fair value hierarchy. There were no transfers between levels of fair value hierarchy during the six months ended 30 September 2022 and 2021.

The valuation of the investment properties was determined by using the market approach or income approach. In estimating the fair value of the Group's investment properties, the highest and best use of these properties is their current use.

Under the market approach, by making reference to the observable comparables from market.

Under the income approach, by making reference to the capitalised income derived from market observable transactions.

There are no changes to the valuation techniques as at 30 September 2022 and 31 March 2022.

During the six months ended 30 September 2022 and 2021, there were no addition to the Group's investment properties. As at 30 September 2022, the carrying amount of the investment properties is approximately HK\$1,748,450,000 (31 March 2022: HK\$1,957,299,000), with decrease in fair value of investment properties of approximately HK\$1,040,000 during the six months ended 30 September 2022 (six months ended 30 September 2021: approximately HK\$64,808,000).

During the six months ended 30 September 2022, additions to the Group's property, plant and equipment were approximately HK\$2,710,000 (six months ended 30 September 2021: HK\$1,422,000).

## 10. TRADE AND OTHER RECEIVABLES

	<b>30 September 2022 HK\$'000 (Unaudited)</b>	31 March 2022 HK\$'000 (Audited)
Trade receivables	15,703	14,433
Less: allowance for impairment of trade receivables	<u>(4,253)</u>	<u>(4,253)</u>
	<b>11,450</b>	10,180
Deposits and other receivables	22,986	24,222
Prepayments	<u>1,344</u>	<u>1,755</u>
	<b>35,780</b>	36,157
Amount shown under current assets	<u>(28,759)</u>	<u>(26,363)</u>
Amount shown under non-current assets	<u><b>7,021</b></u>	<u>9,794</u>

The following is an aged analysis of trade receivables presented based on the invoice date, which approximates to revenue recognition date, at the end of the reporting period.

	<b>30 September 2022 HK\$'000 (Unaudited)</b>	31 March 2022 HK\$'000 (Audited)
0 – 30 days	4,156	3,097
31 – 90 days	1,734	2,428
91 – 180 days	1,288	522
More than 180 days	<u>4,272</u>	<u>4,133</u>
	<u><b>11,450</b></u>	<u>10,180</u>

## 11. TRADE AND OTHER PAYABLES

	<b>30 September 2022 HK\$'000 (Unaudited)</b>	31 March 2022 HK\$'000 (Audited)
Trade payables	5,538	6,424
Construction costs accruals and payables	77,418	74,948
Other accruals and payables	<u>79,404</u>	<u>88,018</u>
	<b><u>162,360</u></b>	<b><u>169,390</u></b>
Analysed as		
Non-current	15,355	17,169
Current	<u>147,005</u>	<u>152,221</u>
	<b><u>162,360</u></b>	<b><u>169,390</u></b>

The following is an aged analysis of trade payables presented based on the invoice date.

	<b>30 September 2022 HK\$'000 (Unaudited)</b>	31 March 2022 HK\$'000 (Audited)
0 – 30 days	2,048	2,147
31 – 90 days	978	1,979
91 – 180 days	1,087	160
More than 180 days	<u>1,425</u>	<u>2,138</u>
	<b><u>5,538</u></b>	<b><u>6,424</u></b>

## 12. PROMISSORY NOTES

	<b>30 September 2022 HK\$'000 (Unaudited)</b>	31 March 2022 HK\$'000 (Audited)
At the beginning of the period/year	<b>868,052</b>	1,042,307
Interest charged ( <i>note 4</i> )	<b>22,060</b>	53,745
Issue shares for the repayment	–	(228,000)
	<u>–</u>	<u>(228,000)</u>
At the end of the period/year	<b>890,112</b>	868,052
	<u>890,112</u>	<u>868,052</u>
Amounts shown under current liabilities	<b>890,112</b>	–
Amounts shown under non-current liabilities	–	868,052
	<u>–</u>	<u>868,052</u>
	<b>890,112</b>	868,052
	<u>890,112</u>	<u>868,052</u>

As at 30 September 2022, the promissory notes with principal amount of HK\$550,000,000 (31 March 2022: HK\$550,000,000) and interest accrued thereon of approximately HK\$340,112,000 (31 March 2022: HK\$318,052,000) will mature on 28 July 2023. All interests are to 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%.

On 12 October 2021, promissory notes with aggregate principal amount of HK\$228,000,000 were early redeemed by the Company by the issuance of subscription shares of the Company, while promissory notes with aggregate principal amount of HK\$550,000,000 remained outstanding. Details are set out in the Company's circular dated 16 September 2021 and the Company's announcement dated 5 October 2021.

On 30 November 2021, the maturity date of the remaining promissory notes has been further extended from 28 July 2022 to 28 July 2023. Details are set out in the Company's announcement dated 30 November 2021.

### 13. BANK AND OTHER BORROWINGS

	<b>30 September 2022 HK\$'000 (Unaudited)</b>	31 March 2022 HK\$'000 (Audited)
Other borrowings	57,996	42,912
Bank borrowing	<u>1,340,284</u>	<u>1,498,974</u>
	<b><u>1,398,280</u></b>	<b><u>1,541,886</u></b>
Current:		
Unsecured other loan – principal portion ( <i>note (i)</i> )	2,200	14,760
Unsecured other loan – interest portion ( <i>note (i)</i> )	378	2,729
Secured bank loan – principal portion ( <i>note (ii)</i> )	11,000	12,300
Secured bank loan – interest portion ( <i>note (ii)</i> )	<u>2,565</u>	<u>3,160</u>
	<b><u>16,143</u></b>	<b><u>32,949</u></b>
Non-current:		
Unsecured other loan – principal portion ( <i>note (i)</i> )	11,000	–
Unsecured other loan – interest portion ( <i>note (i)</i> )	3,008	–
Unsecured other loan – principal portion ( <i>note (iii)</i> )	39,331	24,691
Unsecured other loan – interest portion ( <i>note (iii)</i> )	2,079	732
Secured bank loan – principal portion ( <i>note (ii)</i> )	<u>1,326,719</u>	<u>1,483,514</u>
	<b><u>1,382,137</u></b>	<b><u>1,508,937</u></b>
Total bank and other borrowings	<b><u>1,398,280</u></b>	<b><u>1,541,886</u></b>
Carrying amount repayable (based on scheduled repayment dates set out in the loan agreements):		
	<b>30 September 2022 HK\$'000 (Unaudited)</b>	31 March 2022 HK\$'000 (Audited)
Within 1 year	16,143	32,949
More than 1 year but less than 2 years	77,417	50,022
More than 2 years but less than 5 years	297,000	332,100
More than 5 years	<u>1,007,720</u>	<u>1,126,815</u>
	<b><u>1,398,280</u></b>	<b><u>1,541,886</u></b>



*Notes:*

- (i) The unsecured other borrowings as at 30 September 2022 represented the unsecured borrowings from related companies, which are beneficially owned by Mr. Hu, with (a) principal amount of RMB10,000,000 (31 March 2022: RMB10,000,000), equivalent to HK\$11,000,000 (31 March 2022: HK\$12,300,000) carrying fixed interest rate of 15% per annum; and interest payable of RMB2,735,000 (31 March 2022: RMB2,105,000), equivalent to HK\$3,008,000 (31 March 2022: HK\$2,589,000), and will mature on 20 November 2023; and (b) principal amount of RMB2,000,000 (31 March 2022: RMB2,000,000), equivalent to approximately HK\$2,200,000 (31 March 2022: HK\$2,460,000) carrying fixed interest rate of 15% per annum; and interest payable of RMB265,000 (31 March 2022: RMB114,000), equivalent to approximately HK\$378,000 (31 March 2022: HK\$140,000), and will mature on 13 May 2023.
- (ii) The secured bank borrowing with total principal amount of RMB1,216,109,000 (31 March 2022: RMB1,216,109,000), equivalent to approximately HK\$1,337,719,000 (31 March 2022: HK\$1,495,814,000).

The secured bank borrowing carries a fixed interest rate of 7% per annum, with the interest payable quarterly, and will mature on 30 March 2035.

At the end of the reporting period, carrying amounts of the Group's assets pledged to secure the bank borrowing of the Group are as follows:

	<b>30 September 2022 HK\$'000</b>	31 March 2022 HK\$'000
Property, plant and equipment	<b>485,596</b>	550,169
Properties held for sale	<b>410,810</b>	465,440
Right-of-use assets	<b>169,865</b>	203,110
Investment properties	<b><u>1,735,016</u></b>	<u>1,940,835</u>

- (iii) On 1 July 2021, an unsecured revolving loan facility with facility amount of HK\$100,000,000 has been granted from a related company which is beneficially owned by Mr. Hu, which carries a fixed interest rate of 8% per annum, with maturity date on 31 December 2023.

The balance as at 30 September 2022 represented principal amount of approximately HK\$39,331,000 (31 March 2022: HK\$24,691,000) and interest payable of approximately HK\$2,079,000 (31 March 2022: HK\$732,000).

- (iv) As at 30 September 2022, the Group's secured bank borrowing with carrying amount of approximately HK\$1,337,719,000 (31 March 2022: HK\$1,495,814,000) is subject to the fulfilment of covenants relating to certain usage restriction. If the Group were to breach the covenants, the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. As at 30 September 2022, none of the covenants relating to drawn down facilities had been breached (31 March 2022: nil).

#### 14. UNSECURED BORROWINGS FROM A DIRECTOR

	<b>30 September 2022 HK\$'000 (Unaudited)</b>	31 March 2022 HK\$'000 (Audited)
Unsecured borrowings denominated in RMB <i>(note (i))</i>		
– principal portion	323,983	300,354
– interest portion	<u>82,216</u>	<u>77,207</u>
	<u>406,199</u>	<u>377,561</u>
Unsecured borrowing denominated in HK\$ <i>(note (ii))</i>		
– interest portion	<u>14,765</u>	14,765
	<u>420,964</u>	<u>392,326</u>
Amounts shown under current liabilities	420,964	14,765
Amounts shown under non-current liabilities	<u>–</u>	<u>377,561</u>
	<u>420,964</u>	<u>392,326</u>

*Notes:*

- (i) On 1 June 2018 and 29 August 2018, an unsecured revolving loan facility with an aggregate facility amount of RMB500,000,000 (equivalent to HK\$550,000,000) has been granted from Mr. Hu to certain subsidiaries of the Group established in the PRC which carries a fixed interest rate of 9% per annum. On 30 November 2021, the maturity date of the above-mentioned loan facility has been further extended from 6 July 2022 to 6 July 2023.

As at 30 September 2022, unsecured borrowings with aggregate principal amount of RMB294,530,000 (31 March 2022: RMB244,190,000), equivalent to approximately HK\$323,983,000 (31 March 2022: HK\$300,354,000), has been drawn down. The effective interest rate of the unsecured borrowings is 9% per annum.

- (ii) On 7 January 2019, another unsecured revolving loan facility with maximum facility amount of HK\$100,000,000 has been granted from Mr. Hu to an indirectly wholly-owned subsidiary of the Company, which carries a fixed interest rate of 8% per annum, and will be repayable upon request.

On 12 October 2021, unsecured borrowings and outstanding interest of HK\$100,000,000 were settled by the issuance of subscription shares of the Company.

As at 30 September 2022 and 31 March 2022, none of the facility has been drawn down. The effective interest rate of the unsecured borrowing is 8% per annum.

At the end of the reporting period, the Group has the following undrawn facilities granted from a director:

	<b>30 September 2022 HK\$'000 (Unaudited)</b>	31 March 2022 HK\$'000 (Audited)
Fixed rate – expiring on 6 July 2023	<u><u>226,017</u></u>	<u><u>414,646</u></u>

## 15. SHARE CAPITAL

	<b>Number of shares</b>		<b>Share capital</b>	
	<b>30 September 2022 '000 (Unaudited)</b>	31 March 2022 '000 (Audited)	<b>30 September 2022 HK\$'000 (Unaudited)</b>	31 March 2022 HK\$'000 (Audited)
Ordinary shares of HK\$0.5 each Authorised At the beginning and the end of the period/year	<u><u>1,000,000</u></u>	<u><u>1,000,000</u></u>	<u><u>500,000</u></u>	<u><u>500,000</u></u>
Issued and fully paid, HK\$0.5 each At the beginning of the period/year	<b>647,199</b>	442,199	<b>323,599</b>	221,099
Issue of shares for settlement of indebtedness ( <i>note</i> )	<u>–</u>	<u>205,000</u>	<u>–</u>	<u>102,500</u>
At the end of the period/year	<u><u>647,199</u></u>	<u><u>647,199</u></u>	<u><u>323,599</u></u>	<u><u>323,599</u></u>

*Note:*

On 17 August 2021, the Company entered into a subscription agreement with Total Idea International Limited (“**Total Idea**”), pursuant to which Total Idea conditionally agreed to subscribe for and the Company conditionally agreed to allot and issue 142,500,000 subscription shares of the Company at the subscription price of HK\$1.60 per subscription share. The aggregated subscription price shall be satisfied in full by setting off against the Company’s obligation to repay part of the principal of the promissory notes (i.e. the promissory notes to be set-off of HK\$228,000,000).

On 17 August 2021, the Company entered into a subscription agreement with Faithful Goal International Limited (“**Faithful Goal**”), an indirectly wholly-owned subsidiary, and Mr. Hu, pursuant to which Mr. Hu conditionally agreed to subscribe for and the Company conditionally agreed to allot and issue 62,500,000 subscription shares of the Company at HK\$1.60 per subscription share. The aggregated subscription price shall be satisfied in full by setting off against Faithful Goal’s obligation to repay part of the principal of the unsecured borrowings from a director of HK\$100,000,000.

The subscriptions were completed on 12 October 2021.

## 16. CAPITAL COMMITMENTS

	<b>30 September 2022 HK\$’000 (Unaudited)</b>	31 March 2022 HK\$’000 (Audited)
Capital expenditure contracted for but not provided in the condensed consolidated interim financial information:		
– Construction of properties	<u><u>2,919</u></u>	<u><u>1,963</u></u>

## 17. EVENT AFTER THE REPORTING PERIOD

There was no significant events noted after 30 September 2022 and up to the date of this report.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL OVERVIEW

The Board is pleased to report the results of the Group for the six months ended 30 September 2022 (the “**Current Period**”). During the Current Period, basic loss per share was HK\$0.23 (six months ended 30 September 2021: HK\$0.45), and total comprehensive expenses was approximately HK\$259,870,000 (six months ended 30 September 2021: HK\$143,696,000).

### BUSINESS REVIEW

During the Current Period, the Group still deeply engaged in four business streams including (i) property development, sales and leasing of properties; (ii) provision of property management services; (iii) provision of renovation and decoration services; and (iv) hotel operation in Hokkaido, Japan, to create diversified income sources for the Group.

#### Chongqing Property

Revenue: approximately HK\$22,852,000 (six months ended 30 September 2021: HK\$21,770,000)

Chongqing Kingstone Land Co., Limited\* (重慶皇石置地有限公司) (“**Chongqing Kingstone**”), an indirect wholly-owned subsidiary of the Company, holds a property located at 77 Qingnian Road, Yuzhong District, Chongqing, the PRC (the “**Chongqing Property**”). It is close to Jiefangbei Walking Street which is a local and national famous pedestrian lane with numerous retail shops.

Chongqing Property comprises of residential apartments (for sale), serviced apartments (for lease) managed by an internationally renowned hotel management group and a shopping mall (for lease).

Included in the Chongqing Property, the shopping mall is classified as “Investment Properties”, the fair value of which amounted to approximately HK\$1,748,450,000 as at 30 September 2022, which was equivalent to 58.88% of total assets of the Group.

\* For identification purpose only

Due to the prolonged impacts of the COVID-19 pandemic, the mobility of business and tourist groups slowed down, and so did the sales of high-end apartments. The Group is now studying the market and exploring ways to adjust its business model in order to increase the revenue. Benefitting from an increase in long-stay guests, the average occupancy rate of the hotel exceeded the surrounding hotels of the same category. The hotel received the Recommended Popular Services Hotel Apartment Award by the China Hotel New Media Alliance Review Committee in 2022. As for the shopping mall, due to the impact of epidemic control and the rare high temperature in Chongqing, there was a reduction in customer flow, which has improved significantly following the stabilisation of the epidemic. Although the overall result was inevitably affected by the COVID-19 situation, we believe that apartments for sale and the rental income from serviced apartments and shopping mall will remain as a steady income source of the Group in the long run.

## **Property Management**

Revenue: approximately HK\$17,549,000 (six months ended 30 September 2021: HK\$14,353,000)

In 2020, the Group entered into the property management industry and created synergies with the Group's other businesses and has diversified the income sources of the Group.

Zhejiang Huiyong Property Management Service Co., Ltd. (浙江暉永物業管理服務有限公司) (“**Huiyong**”), an indirect wholly-owned subsidiary of the Company was recognised as the “2020 Top 100 Property Management Companies in China” by the China Index Academy and was awarded the title of “China Property Service Company with Featured Brands” in 2021.

Huiyong has several property management projects on hand as well as several potential projects in Zhejiang, Sichuan, Jiangsu, Fujian, Shanxi and Guizhou regions. The properties under management comprised a variety of property types including residential communities, retail premises, office premises, sales offices and scenic areas, etc.

Huiyong has successfully enlarged its operation scale through taking on new projects, thus contributed to its revenue increment. Huiyong is committed to building an advanced property service platform, constructing a smart property management information system, introducing a “platform + steward” service model that creates a community that focuses on comfort, family, health and smart ecology, to provide property owners with a first-class community environment, smart information system and complete security protection, as well as satisfy the needs of property owners in terms of food, shopping, housing, amusement and entertainment, thereby creating a pleasant community with comfortable offices and happy living.

In 2022, the management of Huiyong formulated a five-year strategic plan, consolidating the foundation, strengthening the operation and increasing the brand influence internally, while focusing on multi-business development, multi-regional growth, multi-business scenario extension and diversified customer services externally.

### **Renovation and Decoration**

Revenue: approximately HK\$36,321,000 (six months ended 30 September 2021: HK\$7,860,000)

Wenzhou Beichen Construction Co., Ltd. (溫州北宸建設有限公司) (“**Beichen Construction**”), an indirectly held subsidiary of the Company, is a Grade One decoration and construction enterprise approved by the Ministry of Construction, specialising in decoration design and construction of hotels, shopping malls, office buildings, schools, hospitals, and other places. Its business is mainly located in Zhejiang, and is currently gradually expanding to other provinces. It has completed various quality projects with exquisite craftsmanship and sound construction management.

In the first half of the year, the revenue and gross profit increased. Through the establishment of project management and control measures for determining expenditure based on revenue, strict requirements were imposed on the quality of new projects undertaken in terms of payment terms and expected gross profit margin.

Through regular internal management skills training for middle-level and above management personnel, as well as regular training for key personnel at benchmark enterprises, Beichen Construction’s management strength is gradually building up and becoming mature. The enterprise’s management development is also advancing from the year of basic development to the year of rapid growth.

### **Hotel operation in Japan**

Revenue: approximately HK\$6,197,000 (six months ended 30 September 2021: HK\$5,052,000)

Tafutsu Kabushiki Kaisha\* (株式會社多弗) (“**Doof Japan**”), an indirect wholly-owned subsidiary of the Company, operates a resort hotel and a 18-hole golf course located in Hokkaido, Japan.

During the Current Period, with the stabilisation of the local COVID-19 pandemic and the continuous increase in vaccination rates, the Japanese Government has continuously strengthened its efforts on the opening-up of borders and support for the tourism industry, which created a better operating environment for hotels and golf courses.

\* For identification purpose only

As to operations management, the hotel team continued to adhere to the strategy of “taking root in the local market for common development” despite the pandemic, which saw a significant increase in the number of local customers in Japan. At the same time, the hotel team continued to expand online customers as a new source of customers. Leveraging the unique competitive advantage of the combination of hotel and golf course, the Group will package the hotel, golf course and restaurants to sell to overseas markets such as Europe and the United States. We are looking forward to the results.

Under the favourable operating environment brought by the full opening of inbound tourism by the Japanese Government, the Hokkaido hotel will make good use of the beauty of its natural environment and give full play to the unique competitive advantage of the integrated facilities of “hotel + golf course + restaurants” to steadily improve profitability. It is expected that the future revenue generated by Doof Japan and its subsidiaries will be considerably improved.

## **LOOKING FORWARD**

All of the operations of Chongqing Property have been commenced. With its geographical advantage, project quality and management experience, the serviced hotel apartments have already generated positive returns and will continue to provide considerable and stable income to the Group. The shopping mall operation is still in its nurturing stage and has been impacted by the pandemic resurgence in Mainland China. At the same time, in order to adapt to the transformation and upgrading of the Jiefangbei business circle, the merchants are also in the adjustment stage of optimisation and reorganisation. The sales of residential apartments have also fallen short of expectations due to the effects of the pandemic resurgence. Nonetheless, we believe that with the improvement of the pandemic and the gradual recovery of the market, the shopping mall operation and the sales of residential apartments will gradually return to normal.

As new projects are successively undertaken by the Group, Huiyong and Beichen Construction continue to generate revenue growth for the Group and the business scope of the Group gradually expands. We expect that as the control measures in relation to the global pandemic gradually relax, the tourism industry in Japan will also gradually recover, and the Hokkaido hotel performance will improve in the long run.

The Group will continue to focus on (i) monitoring the financial performance of the existing businesses; (ii) reducing operating expenses and fees; and (iii) improving the profitability of each asset to generate stable income and cash flows and lower the gearing ratio and the finance costs.

On the basis of further improving the existing business, the Group will also proactively look for more investment opportunities with promising outlooks and prospects and continue to create value for shareholders.



## **FINANCIAL REVIEW**

### **Revenue and gross profit**

Revenue of the Group for the Current Period amounted to approximately HK\$82,919,000 (six months ended 30 September 2021: HK\$49,035,000), which comprised of leasing income from the Chongqing Property, income from the Japan resort hotel, property management service income and renovation and decoration income. The increase in revenue by approximately HK\$33,884,000 as compared to the prior period was mainly contributed from the increase in overall revenue from all the operating segments, especially from the renovation and decoration business.

Gross profit of the Group amounted to approximately HK\$2,397,000 in the Current Period (six months ended 30 September 2021: HK\$1,837,000). The improvement in gross profit mainly arose from increase in the completed renovation and decoration projects during the Current Period.

### **Selling and administrative expenses**

Selling and administrative expenses mainly comprised of selling expenses of approximately HK\$8,342,000 (six months ended 30 September 2021: HK\$7,136,000) and administrative expenses of approximately HK\$45,251,000 (six months ended 30 September 2021: HK\$44,752,000). The selling and administrative expenses have been increased slightly as a result of increased disease prevention expenditure during the lockdown period.

### **Loss and total comprehensive expenses for the period attributable to owners of the Company**

During the Current Period, the loss attributable to the equity holders of the Company decreased to approximately HK\$146,860,000 (six months ended 30 September 2021: HK\$199,856,000), and the total comprehensive expenses for the Current Period attributable to owners of the Company was approximately HK\$260,718,000 (six months ended 30 September 2021: HK\$143,451,000) which was mainly attributable to (i) loss in exchange difference on translation of foreign operations which amounted to approximately HK\$113,781,000; (ii) decrease in fair value of investment properties which amounted to approximately HK\$1,040,000; and (iii) finance cost of HK\$88,998,000.

### **Liquidity and capital resources**

As at 30 September 2022, the Group had net liabilities of approximately HK\$69,711,000 (31 March 2022: net assets of HK\$190,159,000), representing a decrease of 137% as compared to 31 March 2022, which was mainly attributable to (i) the exchange loss on translation of foreign operations of HK\$113,781,000 as a result of the depreciation of Renminbi against Hong Kong dollars, and (ii) loss attributable to the equity holders of the Company for the Current Period which amounted to HK\$146,089,000.

During the year ended 31 March 2020, the Group obtained a bank loan with principal amount of RMB1,250,000,000, equivalent to HK\$1,362,500,000, which carries a fixed interest of 7% per annum and will mature on 30 March 2035. Such loan was utilised to repay other borrowings with shorter repayment terms and higher interest charges.

As at 30 September 2022, the Group had cash and cash equivalents of approximately HK\$28,697,000 (31 March 2022: HK\$31,770,000). Cash and bank balances were mainly denominated in Renminbi. The Group's current assets amounted to approximately HK\$487,177,000 (31 March 2022: HK\$544,014,000). The current ratio, represented by total current assets divided by total current liabilities, was 0.30 (31 March 2022: 1.49).

As at 30 September 2022, the Group had current liabilities of approximately HK\$1,621,085,000 (31 March 2022: HK\$364,548,000) and total borrowings, representing bank and other borrowings, promissory notes and unsecured borrowings from a director, amounting to approximately HK\$2,709,356,000 (31 March 2022: HK\$2,802,264,000) which are interest bearing and denominated in Renminbi or Hong Kong dollars. The Group currently does not use any derivatives to manage interest rate risk. Gearing ratio, represented by total borrowings divided by total equity, was -38.87 (31 March 2022: 14.74). Approximately HK\$1,327,219,000 (31 March 2022: HK\$47,714,000) of the total borrowings will be due in the coming twelve months from the end of the reporting period. As at 30 September 2022, the Group had capital commitment of HK\$2,919,000 (31 March 2022: HK\$1,963,000), while its net current liabilities and cash and cash equivalents amounted to approximately HK\$1,133,908,000 (31 March 2022: net current assets HK\$179,466,000) and HK\$28,697,000 (31 March 2022: HK\$31,770,000), respectively.

In view of the above, the directors of the Company have reviewed the Group's cash flow projections covering a period of twelve months from 30 September 2022 which have taken into account the following measures:

- (1) The operation of the project of Chongqing Kingstone, an indirect wholly-owned subsidiary of the Company, is expected to continue to generate operating cash inflows to the Group;
- (2) The continuous financial support from Mr. Hu with unutilised facilities as at 30 September 2022 amounting to approximately HK\$226,017,000 available for drawdown at the Group's request; and
- (3) It is expected that the extension of maturity dates of the facilities granted from Mr. Hu and the promissory notes by at least one year will be agreed.

Based on the above, in the opinion of the directors of the Company, the Group will have sufficient working capital to fulfill its financial obligations as and when they fall due in the coming twelve months from 30 September 2022. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare these consolidated financial statements on a going concern basis.

## EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Group principally operates its businesses in mainland China, Hong Kong and Japan. The Group has subsidiaries operating in PRC and Japan, in which most of their transactions are denominated in Renminbi (“**RMB**”) and Japanese Yen (“**JPY**”) respectively. The Group is exposed to foreign exchange fluctuations from RMB and JPY which are the major foreign currency transacted by the Group during the Current Period.

The Group did not enter into any foreign exchange contract as hedging measures during the Current Period. The Group manages its foreign currency risk against RMB and JPY by closely monitoring their movements and may use hedging derivatives, such as foreign currency forward contracts, to manage its foreign currency risk as appropriate.

## HUMAN RESOURCES AND REMUNERATION POLICY

As at 30 September 2022, the Group had a total workforce of 469 (31 March 2022: 393). The total staff cost, including directors’ emoluments and mandatory provident fund contributions, amounted to approximately HK\$35,003,000 (six months ended 30 September 2021: HK\$39,378,000). Employees are remunerated based on their performance and experience. Remuneration package is determined by reference to market conditions and individual performance. In order to align the interests of staff, directors and consultants with the Group, share options may be granted to staff, directors and consultants under the Group’s share option scheme (the “**2012 Share Option Scheme**”). There were no share options outstanding under the 2012 Share Option Scheme as at 30 September 2022. The 2012 Share Option Scheme has expired on 16 August 2022, ten years from the date of its adoption.

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the “**MPF Scheme**”) under the Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong) for those Hong Kong employees who are eligible to participate in the MPF Scheme, and follows the national pension system (“**National Pension System**”) for the employees of the Group’s subsidiaries which operate in Japan, contributions of which are made based on a percentage of the employees’ basic salaries, and the employees of the Group’s subsidiaries which operate in Mainland China are required to participate in a central pension scheme (the “**Central Pension Scheme**”, together with the MPF Scheme and National Pension System, the “**Defined Contribution Schemes**”) operated by the local municipal government, in which these subsidiaries are required to contribute a certain percentage, which was pre-determined by the local municipal government, of the sum of basic salary and allowance of employees to the Central Pension Scheme. The contributions by the Group for the Defined Contribution Schemes are charged to the statement of profit or loss as they become payable in accordance with the relevant rules of the respective schemes.

The Group's contributions to the Defined Contribution Schemes vest fully and immediately with the employees. Accordingly, (i) for each of the six months ended 30 September 2021 and 30 September 2022, there was no forfeiture of contributions under the Defined Contribution Schemes; and (ii) there were no forfeited contributions available for the Group to reduce its existing level of contributions to the Defined Contribution Schemes as at 30 September 2021 and 30 September 2022.

For each of the six months ended 30 September 2021 and 30 September 2022, the Group did not have any defined benefit plan.

#### **CHARGE ON ASSET AND CONTINGENT LIABILITIES**

As at 30 September 2022, the Chongqing Property was pledged to secure banking borrowings granted to Chongqing Kingstone.

As at 30 September 2022, the Group had no material contingent liabilities.

#### **SIGNIFICANT INVESTMENTS HELD**

Save as disclosed above, the Group held no significant investment as at 30 September 2022.

#### **FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

Save as disclosed herein, the Company currently does not have any future plans for material investments or capital assets.

#### **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

Save as disclosed herein, for the six months ended 30 September 2022, there were no other material acquisitions and disposal of subsidiaries, associates or joint ventures by the Group.

#### **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 Listing Rules.

Save as disclosed below, the Company has complied with all the code provisions in the CG Code during the Period except the following deviation:

Under code provision C.2.1 of the Code, the roles of the chairman and the chief executive should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. Mr. Hu Xingrong was the Chairman while the role of the Chief Executive Officer (the “**CEO**”) was performed by Mr. Xu Haohao for the period from 1 April 2022 to 19 August 2022. The Chairman focuses on the business strategy and direction of the Company and has executive responsibilities, provides leadership for the Board and ensures proper and effective functioning of the Board in discharging of its responsibilities. The CEO is accountable to the Board for the overall implementation of the Company’s strategies and the coordination of overall business operations.

Since Mr. Xu Haohao resigned as an executive director and the CEO on 20 August 2022, the post of CEO has been vacant. The executive directors and the senior management have been delegated with the authority and responsibility by the Board for the day-to-day operations of the Group while reserving certain key matters for the approval by the Board. After evaluation of the current situation of the Company and considering of the board composition, the Board is of the opinion that it is appropriate and in the best interests of the Company at the present stage for such arrangement as it helps to maintain the continuity of the policies and the stability of the operations of the Company.

## **COMPLIANCE WITH THE MODEL CODE**

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules for securities transactions by the directors. The Company confirms that, having made specific enquiry of all directors of the Company, all of the directors confirmed that they have complied with the required standard as set out in the Model Code throughout the six months ended 30 September 2022.

## **PURCHASE, SALE OR REDEMPTION 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 six months ended 30 September 2022.

## **AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS**

The audit committee of the Company, which comprises three independent non-executive directors, namely Ms. Pau Yee Ling, Mr. Wong Kwan Kit and Mr. Yuen Hoi Po, has reviewed the unaudited interim results and interim report of the Group for the six months ended 30 September 2022 and has recommended their adoption to the Board.

## **EVENT AFTER THE CURRENT PERIOD**

No significant events after the Current Period and up to the date of this announcement has taken place.

## **BOARD OF DIRECTORS**

As at the date of this announcement, the executive directors are Mr. Hu Xingrong (Chairman), Mr. Huang Xiaohai, Mr. Jin Jiangui and Mr. Li Zhenyu; and the independent non-executive directors are Ms. Pau Yee Ling, Mr. Wong Kwan Kit and Mr. Yuen Hoi Po.

On behalf of the Board  
**Man Sang International Limited**  
**Hu Xingrong**  
*Chairman*

Hong Kong, 29 November 2022