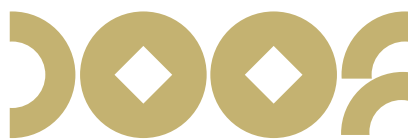


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## **MAN SANG INTERNATIONAL LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 938)**

### **INSIDE INFORMATION**

#### **(1) ANNOUNCEMENT ON LEGAL PROCEEDINGS**

#### **(2) PROFIT WARNING**

This announcement is made by Man Sang International Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

### **LEGAL PROCEEDINGS**

The board (“**Board**”) of directors (“**Directors**”) of the Company was informed that on 5 June 2024, (i) 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; (ii) certain wholly-owned subsidiaries of Chongqing Kingstone; and (iii) Mr. Hu Xingrong (“**Mr. Hu**”), the controlling shareholder and an executive director of the Company (collectively, the “**Defendants**”) received a formal hearing notice from Chengyu Financial Court\* (成渝金融法院) (the “**Court**”) at Chongqing City in the People’s Republic of China (the “**PRC**”) that a hearing in respect of legal proceedings for recovery of the outstanding principal amount of the Loan (as defined below) of approximately RMB1,212 million due from Chongqing Kingstone, the related interests and other related expenses will be held at the Court on 6 June 2024.

Chongqing Kingstone (as borrower) entered into a loan agreement (the “**Loan Agreement**”) with a financial institution (the “**Lender**”) dated 31 March 2020 in respect of a loan of the principal amount of RMB1,250 million (the “**Loan**”) for a term from 31 March 2020 to 30 March 2035. The Loan was secured by, among other things, a mortgage over the property (the “**Property**”) located at 77 Qingnian Road, Yuzhong District, Chongqing City, the PRC held by the Group and a personal guarantee provided by Mr. Hu.

The coronavirus pandemic in the past few years had adversely affected the operation and financial performance of the Group's business in the PRC and Japan. In addition, the real estate industry in the PRC experienced a period of unprecedented intensive adjustment and unstable market expectations in recent years. Since early 2023, Chongqing Kingstone has been negotiating with the Lender to revise the Loan Agreement with terms that are more favourable to the Group and has received positive feedback from the Lender at the material time. Considering the proposed reduction of the fixed interest rate under the existing terms of Loan Agreement being favourably negotiated and as a strategy to expedite the negotiation process, Chongqing Kingstone has not repaid the interests in accordance with the terms of the Loan Agreement since the second quarter of 2023. Notwithstanding the aforesaid, Chongqing Kingstone has been continuously and actively negotiating with the Lender for a settlement and revision of the Loan Agreement since the second half of 2023 and is optimistic about the outcome of the negotiation in view of the on-going feedbacks from the Lender during the negotiation process.

Since the Group has been carrying out its business operations, including the management and operation of the Property, as usual in all material respects following the default of the Loan Agreement, the Directors consider that such default did not have any imminent material adverse impact on the business operation of the Group. If the Court ruled in favour of the Lender, Chongqing Kingstone would be required to repay to the Lender an amount to be determined by the Court within a specific timeframe to be set out in the judgment. If Chongqing Kingstone fails to repay the judgment debt as scheduled, the Lender may, among other things, apply to the Court for enforcement of the rights over the Property. Having considered the financial performance and financial position of the Group, in particular the draft preliminary valuation of the Property of approximately RMB2.21 billion as at 31 March 2024 performed by an independent professional valuer adopting the comparable approach and the unutilised loan facilities provided by Mr. Hu of approximately HK\$600 million as at the date hereof, the Directors consider that the Group would have sufficient financial resources to settle the dispute.

The Company is seeking legal advice regarding the above legal proceedings and Chongqing Kingstone intends to defend the legal proceedings at the hearing. In the meantime, Chongqing Kingstone will continue to negotiate with the Lender for settling the dispute amicably and for revising the terms of the Loan Agreement. If an agreement could be reached between the parties to the Loan Agreement, it is expected that the revised terms of the Loan Agreement would be more favourable to the Group as compared to the existing terms thereof and the repayment schedule of the revised Loan Agreement would be similar to the existing term of full and final repayment in March 2035.

Further announcement(s) will be made by the Company as and when appropriate in compliance with the Listing Rules.

## **PROFIT WARNING**

The Board wishes to inform the shareholders of the Company and potential investors that, based on the preliminary assessment of unaudited consolidated management accounts of the Group for the year ended 31 March 2024 (“**FY2024**”) and the information currently made available to the Board, the Group is expected to record a substantial loss for FY2024 as compared to the loss of approximately HK\$483.3 million for the year ended 31 March 2023.

The substantial increase in loss for FY2024 was mainly attributable to the anticipated recognition of non-cash (i) impairment loss on right-of-use asset; (ii) impairment loss on property, plant and equipment; (iii) impairment loss on properties held for sales; and (iv) decrease in fair values of investment properties in view of the legal proceedings mentioned above, as a result of which further decrease in fair value might be recognised subject to the future development of the legal proceedings. The Company wishes to emphasize that the above impairment loss will not have any cash flow impact to the operation of the Group.

The Company is still in the process of finalising the consolidated financial results of the Group for FY2024. The information contained in this announcement is based on the information currently available to the Board and the preliminary assessment by the Board with reference to the unaudited consolidated management accounts of the Group for FY2024, which have not yet been audited or reviewed by the Company’s independent auditors or the audit committee of the Company. Shareholders and potential investors are advised to read carefully the annual results announcement of the Company for FY2024 which is expected to be published by the end of June 2024.

**Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

By Order of the Board  
**Man Sang International Limited**  
**HU XINGRONG**  
*Chairman*

Hong Kong, 5 June 2024

*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.*

\* *For identification purpose only*