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MAN SANG INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 938)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2025**

The board of directors (the “**Board**”) 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 2025.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2025

		2025	2024
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	3	138,047	126,710
Cost of sales		(112,565)	(110,102)
Gross profit		25,482	16,608
Other income and gains (losses), net	5	2,129	(2,115)
Selling expenses		(3,508)	(13,887)
Administrative expenses		(59,595)	(55,642)
Reversal of (impairment loss) on trade and other receivables		862	(615)
Impairment loss on right-of-use assets		(10,282)	(15,776)
Impairment loss on property, plant and equipment		(27,889)	(46,917)
Impairment loss on properties held for sale		(43,466)	(45,793)
Decrease in fair value of investment properties		(266,107)	(244,684)
Finance income	6	10	30
Finance costs	6	(208,539)	(137,224)
Loss before tax	7	(590,903)	(546,015)
Income tax expense	8	(926)	(5,508)
Loss for the year		(591,829)	(551,523)
Loss for the year attributable to:			
Equity holders of the Company		(592,211)	(551,828)
Non-controlling interest		382	305
		(591,829)	(551,523)
LOSS PER SHARE			
– basic and diluted	9	HK(92) cents	HK(85) cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2025

	2025 HK\$'000	2024 <i>HK\$'000</i>
Loss for the year	(591,829)	(551,523)
Other comprehensive income (expenses)		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of financial statements of foreign operations	<u>4,680</u>	<u>(24,084)</u>
Total comprehensive expenses for the year	<u>(587,149)</u>	<u>(575,607)</u>
Total comprehensive expenses for the year attributable to:		
Equity holders of the Company	(587,537)	(575,984)
Non-controlling interest	<u>388</u>	<u>377</u>
	<u>(587,149)</u>	<u>(575,607)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2025

		2025	2024
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Investment properties		1,120,290	1,280,227
Property, plant and equipment		392,404	441,299
Financial asset at fair value through profit or loss		–	–
Right-of-use assets		130,535	147,023
Intangible assets		1,606	1,615
Deferred income tax assets		21,130	–
Other receivables	<i>11</i>	2,140	–
		1,668,105	1,870,164
Current assets			
Properties held for sale		261,080	306,986
Inventories		69	81
Trade and other receivables	<i>11</i>	39,247	37,969
Contract assets	<i>11</i>	16,589	7,768
Amounts due from related companies		16,590	14,138
Cash and cash equivalents		23,422	19,044
		356,997	385,986
Current liabilities			
Trade and other payables	<i>12</i>	161,543	145,870
Amounts due to related companies		19,540	21,552
Tax payables		143,694	144,383
Bank and other borrowings	<i>13</i>	1,486,055	1,382,419
Promissory notes	<i>14</i>	951,502	–
Lease liabilities		22,598	344
		2,784,932	1,694,568
Net current liabilities		(2,427,935)	(1,308,582)
Total assets less current liabilities		(759,830)	561,582

	<i>Notes</i>	2025 HK\$'000	2024 <i>HK\$'000</i>
Non-current liabilities			
Deferred income tax liabilities		36,378	10,224
Promissory notes	<i>14</i>	–	903,862
Bank and other borrowings	<i>13</i>	98,528	77,277
Unsecured borrowings from a director	<i>15</i>	538,633	498,633
Lease liabilities		61,917	–
		735,456	1,489,996
Net liabilities		(1,495,286)	(928,414)
Capital and reserves			
Share capital	<i>17</i>	323,599	323,599
Reserves		(1,818,220)	(1,250,960)
Equity attributable to owners of the Company		(1,494,621)	(927,361)
Non-controlling interest		(665)	(1,053)
Total Equity		(1,495,286)	(928,414)

NOTES

For the year ended 31 March 2025

1. GENERAL INFORMATION AND BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

Man Sang International Limited (the “**Company**”) was incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda (as amended). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report. The immediate and ultimate holding company and the ultimate controlling party of the Company is China DaDi Group Limited, which is incorporated in the British Virgin Islands (the “**BVI**”) and Mr. Hu Xingrong (“**Mr. Hu**”), an executive director of the Company, respectively.

The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) are engaged in the sales of properties, operation of serviced apartments, provision of property management services, leasing of properties, renovation and decoration services and hotel management.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company.

Material Uncertainties Relating to Going Concern

In preparing the consolidated financial statements, the directors of the Company (the “**Directors**”) have given careful consideration to the future liquidity of the Group in light of the fact that the Group reported net loss of HK\$591,829,000 for the year ended 31 March 2025 and as at 31 March 2025, the Group had net current liabilities of approximately HK\$2,427,935,000, of which approximately HK\$1,483,675,000 of bank borrowing was in default (the “**Defaulted Borrowing**”) and the lender has the right to demand immediate repayment of the Defaulted Borrowing as at 31 March 2025. Moreover, the Group is involved in litigations requesting the Group to settle the Defaulted Borrowing along with outstanding interests and the construction payable of approximately HK\$8,798,000 (the “**Litigations**”). Details of Litigations are disclosed in notes 13 and 19 to this annual results announcement. As at 31 March 2025, the Group’s cash and cash equivalents amounted to approximately HK\$23,422,000 only.

The above conditions indicate the existence of material uncertainties which may cast significant doubt on the Group’s ability to continue as a going concern. Notwithstanding the above, the directors of the Group, after taking into account of the cashflow forecast as mentioned below, continue to adopt the going concern basis in preparing these consolidated financial statements.

The Directors have prepared a 24-month cashflow forecast from the year ended 31 March 2025 which has considered the following plans and measures:

- a) The Group has entered into a very substantial disposal transaction (the “**Disposal**”) involving the disposal of a subsidiary of the Company engaged in the Chongqing property business (the “**Disposal Group**”) with Mr. Hu Xingrong (“**Mr. Hu**”), the controlling shareholder of the Company. The Defaulted Borrowing and the Litigations were consolidated in the financial statements of the Disposal Group. Should the Disposal be completed, the Defaulted Borrowing and the Litigation will be deconsolidated from the Group and the completion of the Disposal will significantly improve the financial position of the Group;

- b) In connection with the Disposal, the accrued outstanding interest on the outstanding promissory note of approximately HK\$420,819,000 will be waived. Additionally, subsequent to the reporting period, promissory notes totalling approximately HK\$530,683,000 and other borrowings of approximately HK\$2,380,000 would be extended to 31 December 2027 and 14 May 2027, respectively; and
- c) Mr. Hu, being the controlling shareholder of the Group, has agreed to provide continuous financial support to the Group, including but not limited to, not to recall any loan granted to the Group upon their maturity until the Group has the ability to repay.

After due and careful enquiry and after taking into account the above plans and measures and the financial resources available to the Group, the Directors consider that the Group will have sufficient working capital to fulfill its financial obligations as and when they fall due at least the next 24 months from the date of these consolidated financial statements. Accordingly, the Directors are satisfied that it is appropriate to prepare these consolidated financial statements on a going concern basis.

Notwithstanding the above, material uncertainties exist as to whether the Directors will be able to achieve their plans and measures, as the going concern would depend upon the Group's ability to generate adequate financing and operating cash flows through the successful fulfilment of the following conditions:

- (a) The successful completion of the Disposal; and
- (b) The ability of Mr. Hu to provide adequate financial support to the Group.

Should the Group fail to achieve the abovementioned measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts to provide for any further liabilities which might arise and to reclassify non-current assets and noncurrent liabilities as current assets and current liabilities. The effects of these adjustments have not been reflected in these consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

In the current year, the Group has applied, for the first time, the following amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") which are effective for the Group's financial year beginning on 1 April 2024.

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the new and amendments to HKFRS Accounting Standards in the current year has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKFRS Accounting Standards issued but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

HKFRS 18	Presentation and Disclosure in Financial Statements ³
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ³
Amendments to HKAS 21	Lack of Exchangeability ¹
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ²
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴

¹ Effective for annual periods beginning on or after 1 January 2025.

² Effective for annual periods beginning on or after 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

⁴ Effective for annual periods beginning on or after a date to be determined.

The Directors anticipate that the application of the above new and amendments to HKFRS Accounting Standards will have no material, except as described below, impact on the results and the financial position of the Group.

HKFRS 18 – Presentation and Disclosure in Financial Statements

HKFRS 18 sets out requirements on presentation and disclosures in financial statements and will replace HKAS 1 Presentation of Financial Statements. HKFRS 18 introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. Minor amendments to HKAS 7 “Statement of Cash Flows” and HKAS 33 “Earnings per Share” are also made.

HKFRS 18, and the consequential amendments to other HKFRS Accounting Standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted.

The application of the HKFRS 18 is not expected to have material impact on the financial position of the Group. The Directors are in the process of making an assessment of the impact of HKFRS 18, but is not yet in a position to state whether the adoption would have a material impact on the presentation and disclosures of consolidated financial statements of the Group.

3. REVENUE

An analysis of the Group's revenue is as follows:

	For the year ended 31 March 2025				Total HK\$'000
	Chongqing property HK\$'000	Property management services HK\$'000	Renovation and decoration HK\$'000	Hotel operation in Japan HK\$'000	
Type of goods and services					
– Sales of properties	–	–	–	–	–
– Operation of serviced apartments	37,105	–	–	–	37,105
– Property management services	–	25,070	–	–	25,070
– Renovation and decoration services	–	–	53,234	–	53,234
– Hotel room	–	–	–	1,931	1,931
– Restaurant operations	–	–	–	415	415
– Golf club operations	–	–	–	4,986	4,986
– Other	–	–	–	114	114
Total revenue from contracts with customers	37,105	25,070	53,234	7,446	122,855
Rental income for investment properties under operating lease					
– Fixed lease payments	5,725	9,467	–	–	15,192
Total revenue	42,830	34,537	53,234	7,446	138,047
	For the year ended 31 March 2024				Total HK\$'000
	Chongqing property HK\$'000	Property management services HK\$'000	Renovation and decoration HK\$'000	Hotel operation in Japan HK\$'000	
Type of goods and services					
– Sales of properties	3,481	–	–	–	3,481
– Operation of serviced apartments	35,904	–	–	–	35,904
– Property management services	–	31,037	–	–	31,037
– Renovation and decoration services	–	–	39,501	–	39,501
– Hotel room	–	–	–	3,010	3,010
– Restaurant operations	–	–	–	912	912
– Golf club operations	–	–	–	5,457	5,457
– Other	–	–	–	153	153
Total revenue from contracts with customers	39,385	31,037	39,501	9,532	119,455
Rental income for investment properties under operating lease					
– Fixed lease payments	7,146	–	–	–	7,146
– Variable lease payments that do not depend on an index or a rate	109	–	–	–	109
Total revenue	46,640	31,037	39,501	9,532	126,710

4. SEGMENT INFORMATION

The Directors 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 CODM for performance assessment and resources allocation.

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. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Details of the reportable operating segment are as follows:

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

Subsequent to the reporting period, the Chongqing property segment is disposed. Refer to note 20(a) to this annual results announcement for details.

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

For the year ended 31 March 2025

	Chongqing property HK\$'000	Property management services HK\$'000	Renovation and decoration HK\$'000	Hotel operation in Japan HK\$'000	Total HK\$'000
REVENUE					
Revenue from external customers	<u>42,830</u>	<u>34,537</u>	<u>53,234</u>	<u>7,446</u>	<u>138,047</u>
Segment (loss) profit	<u>(519,600)</u>	<u>(1,646)</u>	<u>5,160</u>	<u>(6,520)</u>	<u>(522,606)</u>
Unallocated income					1
Unallocated expenses					<u>(68,298)</u>
Loss before tax					<u>(590,903)</u>

For the year ended 31 March 2024

	Chongqing property <i>HK\$'000</i>	Property management services <i>HK\$'000</i>	Renovation and decoration <i>HK\$'000</i>	Hotel operation in Japan <i>HK\$'000</i>	Total <i>HK\$'000</i>
REVENUE					
Revenue from external customers	46,640	31,037	39,501	9,532	126,710
Segment (loss) profit	(488,349)	3,082	2,927	(6,433)	(488,773)
Unallocated income					1
Unallocated expenses					(57,243)
Loss before tax					(546,015)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Segment assets		
Chongqing property	1,778,602	2,152,444
Property management services	174,005	36,089
Renovation and decoration	23,261	15,988
Hotel operation in Japan	43,920	47,955
Unallocated assets	5,314	3,674
Total consolidated assets	2,025,102	2,256,150
Segment liabilities		
Chongqing property	2,276,184	2,133,545
Property management services	135,476	107,808
Renovation and decoration	22,466	21,787
Hotel operation in Japan	17,141	15,661
Unallocated liabilities	1,069,121	905,763
Total consolidated liabilities	3,520,388	3,184,564

5. OTHER INCOME AND GAINS (LOSSES), NET

	2025 HK\$'000	2024 <i>HK\$'000</i>
Forfeited deposit income	265	3,270
Government grants	463	70
Exchange loss, net	(3)	(12)
Loss on termination of lease	–	(7,524)
Others	1,404	2,081
	2,129	(2,115)

6. FINANCE INCOME AND FINANCE COSTS

	2025 HK\$'000	2024 <i>HK\$'000</i>
Finance income:		
– Bank interest income	10	30
Finance costs:		
– Interest on bank and other borrowings	126,328	74,296
– Interest on unsecured borrowings from a director	33,316	25,801
– Interest on promissory notes	47,640	36,767
– Interest on lease liabilities	1,255	360
	208,539	137,224

7. LOSS BEFORE TAX

Loss before tax has been arrived at after charging/(crediting):

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Staff costs (including directors and chief executive of the Company)		
– salaries and other allowances	37,110	40,882
– retirement benefits schemes contributions	4,932	5,186
	<u>42,042</u>	<u>46,068</u>
Cost of properties recognised as an expense	–	4,274
Auditor's remuneration		
– Statutory audit services	1,170	1,500
– Other services	160	160
Impairment loss on other receivables	–	615
Reversal of impairment loss on trade receivables	(862)	–
Depreciation of property, plant and equipment	18,040	21,285
Depreciation of right-of-use assets	4,985	5,808
Gross rental income from investment properties	(15,192)	(7,255)
Less: direct operating expenses incurred for investment properties that generated rental income during the year	<u>8,866</u>	<u>10,077</u>

8. INCOME TAX EXPENSE

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Current income tax		
– PRC Enterprise Income Tax	2,178	2,628
– PRC Land Appreciation Tax	–	3,851
	<u>2,178</u>	<u>6,479</u>
Deferred tax	<u>(1,252)</u>	<u>(971)</u>
	<u>926</u>	<u>5,508</u>

Hong Kong Profits Tax

No Hong Kong Profits Tax has been provided since no assessable profits have been generated during the years ended 31 March 2025 and 2024.

Japan Corporate Income Tax

No Japan Corporate Income Tax has been provided since no assessable profits have been generated during the years ended 31 March 2025 and 2024.

The PRC Enterprise Income Tax

The PRC Enterprise Income Tax in respect of operations in the PRC is calculated at a rate of 25% on the estimated assessable profits for the years ended 31 March 2025 and 2024 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.

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:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Loss		
Loss for the year attributable to equity holders of the Company for the purpose of basic and diluted loss per share	<u>(592,211)</u>	<u>(551,828)</u>
	<i>'000</i>	<i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>647,199</u>	<u>647,199</u>

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

There were no potential dilutive ordinary shares in issue during the years ended 31 March 2025 and 2024 and therefore, basic and diluted loss per share are the same for these two financial years.

10. DIVIDEND

No dividend was paid or proposed during the year ended 31 March 2025, nor has any dividend been proposed since the end of the reporting period (2024: nil).

11. TRADE AND OTHER RECEIVABLES AND CONTRACT ASSETS

	2025 HK\$'000	2024 HK\$'000
Trade receivables	20,627	22,294
Less: allowance for impairment of trade receivables	(4,045)	(4,938)
	<u>16,582</u>	<u>17,356</u>
Deposits and other receivables	25,094	20,950
Less: allowance for impairment of other receivables	(1,682)	(1,682)
Prepayments	1,393	1,345
	<u>24,805</u>	<u>20,613</u>
Total trade and other receivables	41,387	37,969
Portion classified as current assets	(39,247)	(37,969)
	<u>2,140</u>	<u>–</u>
Non-current portion		
Contract assets	<u>16,589</u>	<u>7,768</u>

The Group allows an average credit period of 0–60 days to its trade customers. The following is an aged analysis of trade receivables net of allowance for impairment of trade receivables presented based on the invoice date, which approximates to revenue recognition date, at the end of the reporting period.

	2025 HK\$'000	2024 HK\$'000
0 – 30 days	14,533	15,026
31 – 90 days	291	997
91 – 180 days	608	424
181 – 365 days	363	624
More than 365 days	787	285
	<u>16,582</u>	<u>17,356</u>

12. TRADE AND OTHER PAYABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade payables	22,147	10,582
Construction costs accruals and payables	50,725	55,105
Contract liabilities	3,666	3,579
Other accruals and payables	85,005	76,604
	161,543	145,870

13. BANK AND OTHER BORROWINGS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Other borrowings – unsecured	100,908	85,055
Bank borrowing – secured	1,483,675	1,374,641
	1,584,583	1,459,696
Current:		
Unsecured other borrowings – principal portion (<i>note (i)</i>)	1,498	2,700
Unsecured other borrowings – interest portion (<i>note (i)</i>)	882	5,078
Secured bank borrowing – principal portion (<i>note (ii)</i>)	1,295,443	1,307,597
Secured bank borrowing – interest portion (<i>note (ii)</i>)	188,232	67,044
	1,486,055	1,382,419
Non-current:		
Unsecured other borrowings – principal portion (<i>notes (i) and (iii)</i>)	87,886	69,096
Unsecured other borrowings – interest portion (<i>notes (i) and (iii)</i>)	10,642	8,181
	98,528	77,277
Total bank and other borrowings	1,584,583	1,459,696

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

	2025 HK\$'000	2024 HK\$'000
Within 1 year or on demand	1,486,055	1,382,419
More than 1 year but less than 2 years	–	77,277
More than 2 years but less than 5 years	98,528	–
	<u>1,584,583</u>	<u>1,459,696</u>

- (i) The unsecured other borrowings as at 31 March 2025 represented the unsecured borrowings from related companies, which are beneficially owned by Mr. Hu, with totalling outstanding principal amount of RMB1,400,000 (2024: RMB2,500,000), equivalent to HK\$1,498,000 (2024: HK\$2,700,000) carrying fixed interest rate of 15% per annum (2024: 15% per annum); and total interest payable of RMB824,000 (2024: RMB4,702,000), equivalent to HK\$882,000 (2024: HK\$5,078,000), which are repayable on the maturity date.

As of 14 May 2023, the repayment date for the outstanding principal amount of RMB1,400,000, equivalent to HK\$1,512,000 and interest payable of RMB612,000, equivalent to HK\$661,000, both as at 31 March 2024, was extended from 14 May 2023 to 14 May 2025. On 16 June 2025, the repayment date for the outstanding principal and interest payable has been extended from 14 May 2025 to 14 May 2027. All other terms remain unchanged.

- (ii) The total principal amount of the secured bank borrowing amounted to RMB1,210,694,000 (2024: RMB1,210,738,000), equivalent to HK\$1,295,443,000 (2024: HK\$1,307,597,000).

The secured bank borrowing carries a fixed interest rate of 7% per annum as at 31 March 2022. On 19 December 2022, the Group was granted a new fixed interest rate of 5.3% per annum with interest payable quarterly while the other terms of the secured bank borrowing remained unchanged and will mature on 30 March 2035 based on the borrowing agreement.

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:

	2025 HK\$'000	2024 HK\$'000
Property, plant and equipment	354,165	398,767
Properties held for sale	261,080	306,986
Right-of-use assets	130,535	147,023
Investment properties	<u>1,012,220</u>	<u>1,280,227</u>

As at 31 March 2025, the Group's secured bank borrowing with carrying amount of approximately HK\$1,295,443,000 (2024: HK\$1,307,597,000) 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.

During the year ended 31 March 2024, the Group breached certain terms of the bank borrowing, which are primarily related to the default payment of the Group. As a result of the above breach, the bank has right to demand immediate repayment based on the borrowing agreement, and as a result, the bank has the right to serve a notice and require the Group to repay the entire principal and defaulted interest of HK\$1,483,675,000 as at 31 March 2025 (2024: HK\$1,374,641,000). On 22 July 2024, the interest rate including the defaulted interest is adjusted from 7.425% to 7.275% per annum. The bank has initiated legal proceedings against the Group to recover the outstanding loan amount owed to them. Up to the date of report, and as at 31 March 2025, the legal case is in the process. Thus, the bank loan was classified as at current position as at 31 March 2025. Details of the legal proceedings are set out in note 19 to this annual results announcement.

- (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 2025. On 28 February 2025, the maturity date has been extended to 31 December 2027.

As at 31 March 2025, unsecured revolving loan facility with aggregate principal amount of approximately HK\$87,886,000 (2024: 69,096,000) has been drawn down and interest payable of approximately HK\$10,642,000 (2024: HK\$8,181,000), which will be repayable on the maturity date. The remaining loan facility with principal amount of approximately HK\$12,114,000 (2024: HK\$30,904,000) has not yet been utilised.

14. PROMISSORY NOTES

	2025 HK\$'000	2024 HK\$'000
Promissory notes:		
– Within 1 year (2024: more than 1 year but less than 2 years)	<u>951,502</u>	<u>903,862</u>

On 28 July 2016, the Company issued promissory notes with aggregate principal amount of HK\$1,168,000,000 as part of the consideration to acquire the entire equity interest in Gloryear Investments Limited and its subsidiaries. The promissory notes are unsecured, carries a fixed interest rate of 8% per annum and would mature on 28 July 2019. All interests will be paid on 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%.

Promissory notes with aggregate principal amount of HK\$390,000,000 were early redeemed by the Company during the year ended 31 March 2017, while promissory notes with aggregate principal amount of HK\$778,000,000 remained outstanding.

On 15 December 2017, promissory notes with aggregate principal amount of HK\$778,000,000 have been transferred to Total Idea International Limited (“**Total Idea**”), in which Mr. Hu, the executive director and chairman of the Company, is the ultimate beneficial owner.

On 5 December 2018, the maturity date of the promissory notes has been extended from 28 July 2019 to 28 July 2020. Details are set out in the Company’s announcement dated 5 December 2018.

On 26 September 2019, the maturity date of the promissory notes has been further extended from 28 July 2020 to 28 July 2021. Details are set out in the Company’s announcement dated 26 September 2019.

On 4 September 2020, the maturity date of the promissory notes has been further extended from 28 July 2021 to 28 July 2022. Details are set out in the Company’s announcement dated 4 September 2020.

In October 2021, promissory notes with aggregate principal of HK\$228,000,000 were early redeemed by the Company while promissory notes with aggregate principal amount of HK\$550,000,000 remained outstanding.

On 30 November 2021, the maturity date of the 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.

On 14 March 2023, the maturity date of the promissory notes has been further extended from 28 July 2023 to 31 December 2025. Details are set out in the Company's announcement dated 14 March 2023.

On 1 December 2023, the Company and Total Idea entered into a side letter on which the interest rate of promissory notes shall accrue from 8% to 4% per annum with effect from 1 December 2023 and up to the maturity date. Details are set out in the Company's announcement dated 1 December 2023.

On 11 April 2025, the maturity date of the promissory notes has been further extended from 31 December 2025 to 31 December 2027 and the interest payable until 11 April 2025 were waived by Total Idea. Details are set out in the Company's announcements dated 18 March 2025 and 11 April 2025.

15. UNSECURED BORROWINGS FROM A DIRECTOR

	2025 HK\$'000	2024 HK\$'000
Unsecured borrowings denominated in RMB (<i>note (i)</i>)		
– principal portion	372,172	363,051
– interest portion	152,706	120,817
	<u>524,878</u>	<u>483,868</u>
Unsecured borrowing denominated in HK\$ (<i>note (ii)</i>)		
– interest portion	13,755	14,765
	<u>13,755</u>	<u>14,765</u>
	<u>538,633</u>	<u>498,633</u>

- (i) On 1 June 2018 and 29 August 2018, an unsecured revolving loan facility with an aggregate facility amount of RMB500,000,000 has been granted from Mr. Hu to certain subsidiaries established in the PRC which carries a fixed interest rate of 9% per annum, which will be repayable on the maturity date.

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 while the other terms remained unchanged.

On 14 March 2023, the maturity date of the above-mentioned loan facility has been further extended to 31 December 2025 while the other terms remained unchanged.

On 28 February 2025, the maturity date of the above-mentioned loan facility has been further extended to 31 December 2027 while the other terms remained unchanged.

On 27 June 2023, an additional facility amount of RMB300,000,000 has been granted from Mr. Hu to certain subsidiaries established in the PRC.

On 1 October 2023, the fixed interest rate is adjusted down from 9% to 5% per annum for the period from 1 October 2023 to 31 March 2024. Afterwards, it is carried at 9% per annum.

As at 31 March 2025, unsecured borrowings with aggregate principal amount of RMB347,824,000 (2024: RMB336,158,000), equivalent to approximately HK\$372,172,000 (2024: HK\$363,051,000), has been drawn down, remaining approximately RMB452,176,000 (2024: RMB463,842,000), equivalent to approximately HK\$483,828,000 (2024: HK\$500,949,000), has not yet utilised.

- (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, with maturity date on 6 July 2022.

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

On 14 March 2023, the maturity date of the above-mentioned loan facility has been extended to 31 December 2025.

On 28 February 2025, the maturity date of the above-mentioned loan facility has been further extended to 31 December 2027.

As at 31 March 2025, none of the facility (2024: nil) has been drawn down.

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

	2025 HK\$'000	2024 HK\$'000
Fixed rate – expiring on 31 December 2027 (2024: 31 December 2025)	583,828	600,949

16. CAPITAL COMMITMENT

	2025 HK\$'000	2024 HK\$'000
Capital expenditure in respect of refurbishment of properties contracted but not provided for in the consolidated financial statements	4,017	4,236

17. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Ordinary shares		
Authorised		
At 1 April 2023, 31 March 2024, 1 April 2024 and 31 March 2025 (Par value of HK\$0.5 each)	1,000,000	500,000
Issued and fully paid		
At 1 April 2023, 31 March 2024, 1 April 2024 and 31 March 2025 (Par value of HK\$0.5 each)	647,199	323,599

All issued shares rank pari passu in all respects with each other.

18. ACQUISITION OF A SUBSIDIARY

On 30 November 2024, the Group acquired 100% of the equity interest of Chengdu Doof Commercial Management Limited Liability Company* (“**Chengdu Doof**”) at a consideration of HK\$5,350,000 (equivalent to approximately RMB5,000,000) from Zhongtou Huawei Mobile Communication Technology Company Limited which is controlled by the controlling shareholder of the Company. This acquisition has been accounted for using the acquisition method. Chengdu Doof is engaged in providing commercial property management services. Chengdu Doof was acquired to enhance the Group’s revenue stream and further strengthen the business capacity of the Group in the property management industry in the PRC.

Consideration transferred	HK\$’000
Cash paid	<u>5,350</u>

Assets acquired and liabilities recognised at the date of acquisition are as follows:

Consideration transferred	HK\$’000
Investment properties	115,560
Property, plant and equipment	10
Deferred income tax assets	22,660
Trade and other receivables	6,058
Amounts due from related companies	2,571
Cash and cash equivalents	2,389
Trade and other payables	(4,015)
Amounts due to related companies	(76)
Lease liabilities	(90,640)
Deferred income tax liability	(28,890)
	<u>25,627</u>

Deemed contribution from a controlling shareholder

Consideration transferred	5,350
Less: Fair value of identifiable net assets acquired	<u>(25,627)</u>
Deemed contribution from a controlling shareholder recognised as other reserve	<u>(20,277)</u>

Net cash outflow on acquisition of Chengdu Doof:

	HK\$’000
Cash consideration paid	5,350
Less: cash and cash equivalent balances acquired	<u>(2,389)</u>
Net outflow of cash – investing activities	<u>2,961</u>

Included in the loss for the year, there is a loss of approximately HK\$2,271,000 attributable to the business generated by Chengdu Doof. Revenue for the year includes approximately HK\$9,467,000 generated from Chengdu Doof.

* For identification purpose only

19. LITIGATIONS

- (i) The Group breached certain of the terms of the bank borrowing, which are primarily related to the default payment of the Group. The financial institution (the “**Bank**”) has initiated legal proceedings against the Group to recover the outstanding loan amount owed to them on 31 August 2023 (the “**Legal Proceedings**”).

On 27 June 2024, a hearing was held at the Chengyu Financial Court* (成渝金融法院) (the “**Court**”) in respect of the Legal Proceedings. On 24 July 2024, the Company has received a judgment (the “**Judgment**”) handed down by the Court in respect of the Legal Proceedings. Pursuant to the Judgment, the Court has ordered, (i) the Group to repay the outstanding principal and interests as of 31 May 2024 which approximate to HK\$1,413,568,000 (equivalent to RMB1,308,861,000), and the outstanding interests for the period from 1 June 2024 until date of settlement (collectively, the “**Judgment Debt**”) to the Bank within 10 days from the effective date of the Judgment; (ii) that the Bank is entitled to enforce its rights under the mortgage in respect of the pledged properties for repayment of the Judgment Debt; and (iii) the Group and Mr. Hu to jointly bear the legal fees of HK\$6,735,000 (equivalent to RMB6,236,000) of which has not yet been recognised in the profit or loss for the year ended 31 March 2024 and 2025.

On 7 August 2024, the Group lodged an appeal against the Judgment at the Chongqing City People’s Supreme Court (重慶市高級人民法院). For further details on the Legal Proceedings, please refer to the Company’s announcements dated 5 June 2024, 6 June 2024, 27 June 2024, 24 July 2024, 7 August 2024, 22 October 2024, 24 October 2024 and 9 January 2025.

- (ii) As at 31 March 2025, the Group is embroiled in a legal dispute with the contractor concerning a construction payable of approximately HK\$8,798,000 and the certain units of the properties held for sales of the Group were sealed based on court orders.

Upon completion of the very substantial disposal transaction of the Disposal Group on 11 April 2025, the Directors consider that the above litigations would not have any material adverse impact on the remaining Group.

* *For identification purpose only*

20. SUBSEQUENT EVENTS

- (a) On 11 April 2025, the very substantial disposal and connected transaction related to the segment – Chongqing property has been completed. The following is the consolidated financial position of the Disposal Group as at 31 March 2025:

	2025 HK\$'000
Non-current assets	
Investment properties	1,012,220
Property, plant and equipment	354,175
Right-of-use assets	130,535
	<u>1,496,930</u>
Current assets	
Properties held for sale	261,080
Inventories	13
Trade and other receivables	11,352
Cash and cash equivalents	9,332
	<u>281,777</u>
Current liabilities	
Trade and other payables	111,178
Amounts due to related companies	17,161
Tax payables	139,292
Bank and other borrowings	1,483,675
	<u>1,751,306</u>
Net current liabilities	<u>(1,469,529)</u>
Total assets less current liabilities	<u>27,401</u>
Non-current liability	
Unsecured borrowings from a director	<u>(524,878)</u>
Net liabilities	<u><u>(497,477)</u></u>

The following is the consolidated statement of profit or loss of the Disposal Group for the year ended 31 March 2025:

	2025 HK\$'000
Revenue	42,830
Cost of sales	(30,236)
	<hr/>
Gross profit	12,594
Other income and gains (losses), net	109
Selling expenses	(3,286)
Administrative expenses	(32,572)
Impairment loss on right-of-use assets	(10,282)
Impairment loss on property, plant and equipment	(27,889)
Impairment loss on properties held for sale	(43,466)
Decrease in fair value of investment properties	(258,547)
Finance income	3
Finance costs	(156,264)
	<hr/>
Loss before tax	(519,600)
Income tax expense	–
	<hr/>
Loss for the year	(519,600)
	<hr/> <hr/>

- (b) On 11 April 2025, the maturity date of the promissory notes has been extended from 31 December 2025 to 31 December 2027. The outstanding interest accrued on the outstanding promissory notes of approximately HK\$420,819,000 as at 31 March 2025 were waived by Total Idea.

SCOPE OF WORK OF CCTH CPA LIMITED ON THIS PRELIMINARY ANNOUNCEMENT

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 2025 as set out in this preliminary announcement have been agreed by the Company's auditor, CCTH CPA Limited ("CCTH"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by CCTH 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 CCTH on the preliminary announcement.

EXTRACT FROM INDEPENDENT AUDITOR'S REPORT PREPARED BY THE INDEPENDENT AUDITOR

The following is an extract of the independent auditor's report for the year ended 31 March 2025 from the external auditor of the Company and the opinion from the external auditor is not modified in respect of material uncertainties relating to going concern and the emphasis of matter:

Material Uncertainties Relating to Going Concern

We draw attention to note 2 to the consolidated financial statements, which indicates that the Group incurred a consolidated loss of approximately HK\$591,829,000 during the year ended 31 March 2025 and, as of that date, the Group had total net current liabilities of approximately HK\$2,427,935,000. As stated in note 2, these events or conditions, along with other matters as set forth in note 2, indicate that a material uncertainties exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter

We draw attention to Note 44(a)* of the consolidated financial statements, which describes the estimates financial effects to the Group's consolidated financial statements, in relation to a very substantial disposal completed on 11 April 2025. Our opinion is not modified regarding this matter.

FINAL DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 March 2025.

* Refer to Note 20(a) of this annual results announcement

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Overview

The Board is pleased to report the results of the Group for the year ended 31 March 2025 (“FY25”). During FY25, basic loss per share was HK\$0.92 (for the year ended 31 March 2024 (“FY24”) basic loss per share was HK\$0.85), and total comprehensive expenses was approximately HK\$587,149,000 (FY24: approximately HK\$575,607,000).

Business Review

During FY25, the Group had engaged in four business segments including (i) property development, sales and leasing of properties in Chongqing; (ii) provision of property management services; (iii) provision of renovation and decoration services; and (iv) hotel and golf club operations in Hokkaido, Japan, to create diversified income sources for the Group.

Chongqing Property

Revenue for FY25: approximately HK\$42,830,000 (FY24: approximately HK\$46,640,000).

Chongqing Kingstone Land Co., Ltd. (重慶皇石置地有限公司) (the “**Chongqing Kingstone**”), an indirect wholly owned subsidiary of the Company, holds a property located at 77 Qingnian Road, Yuzhong District, Chongqing city, the PRC (the “**Chongqing Property**”). It is just a short distance away from the bustling Jiefangbei Central Business District and is within walking distance to famous attractions, pedestrian lane and accessible to the city’s metro network.

The Chongqing Property comprises residential apartments (for sale), serviced apartments (managed by an internationally renowned hotel management group) and a shopping mall (for lease) (the “**Chongqing Property Business**”).

Included in Chongqing Property, the shopping mall is classified as “Investment Properties”, the fair value of which amounted to approximately HK\$1,012,220,000 as at 31 March 2025, which accounted for approximately to 49.98% of total assets of the Group.

During FY25, as the overall domestic real estate industry remained sluggish, coupled with the ongoing economic downturn, public purchasing interest continued to decline, and majority of our targeted customers inclined to wait and see. As a result, the sale of our residential apartments was not satisfactory for FY25, while revenue from the serviced apartments remained stable.

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 Chongqing Property and a personal guarantee provided by Mr. Hu Xingrong (“**Mr. Hu**”), the controlling shareholder and an executive director of the Company. On 5 June 2024, Chongqing Kingstone received a formal hearing notice from Chengyu Financial Court* (成渝金融法院) (the “**Court**”) at Chongqing City in the PRC that a hearing in respect of legal proceedings (the “**Legal Proceedings**”) for recovery of the outstanding principal amount of the Loan of approximately RMB1,212 million due from Chongqing Kingstone, the related interests and other related expenses would be held at the Court on 6 June 2024.

On 6 June 2024, a hearing was held at the Court in respect of the Legal Proceedings. At the hearing, the parties submitted and exchanged evidence in support of their claims and since the parties had previously indicated their willingness to mediate, the Court directed the parties to try to reach a settlement outside of court within the next 20 days.

On 27 June 2024, a hearing was held at the Court in respect of the Legal Proceedings. At the hearing, the Court considered the claims put forward by the respective parties and ordered that a judgement would be handed down by the Court on another date to be determined by the Court.

On 24 July 2024, the Company received a judgment handed down by the Court in respect of the Legal Proceedings. Pursuant to the judgment (the “**Judgment**”), the Court has ordered, among other things, (i) Chongqing Kingstone to repay the outstanding principal amount of the Loan, the outstanding interests as of 31 May 2024, and the outstanding interests for the period from 1 June 2024 until date of settlement (collectively, the “**Judgment Debt**”) to the Lender within 10 days from the effective date of the Judgment; and (ii) that the Lender is entitled to enforce its rights under the mortgage in respect of the Chongqing Property for repayment of the Judgment Debt. The Judgment shall become effective if neither of the parties appeals within 15 days of its receipt of the Judgment.

On 7 August 2024, Chongqing Kingstone filed an appeal against the Judgment at the Chongqing City People’s Supreme Court (重慶市高級人民法院) (the “**People’s Supreme Court**”) within the prescribed period. As a result, the Judgment handed down by the Court on 24 July 2024 has not yet become effective.

On 24 October 2024, a hearing was held at the Chongqing Supreme Court in respect of the Legal Proceedings. At the hearing, the parties submitted and exchanged evidence in support of their claims in relation to the appeal filed by Chongqing Kingstone filed against the Judgment. The parties agreed to negotiate off the court on whether to conduct a mediation on the case.

On 9 January 2025, the Company received a judgment (the “**Second Judgment**”) handed down by the Chongqing Supreme Court in respect of the Legal Proceedings. Pursuant to the Second Judgment, the Chongqing Supreme Court upheld the decision made by the Chengyu Financial Court* (成渝金融法院), which ordered, among other things, (i) Chongqing Kingstone to repay the Judgment Debt to the Lender within 10 days from the effective date of the Second Judgment; and (ii) that the Lender is entitled to enforce its rights under the mortgage in respect of the Chongqing Property for repayment of the Judgment Debt. The Second Judgment shall become effective upon receipt of the Second Judgment.

In view of the downturn of the PRC property market, the uncertain prospect of the real estate industry, the unsatisfactory financial performance and net liabilities position of the Chongqing Property Business and the uncertainty arising from the Legal Proceedings, the Company has decided to dispose of its Chongqing Property Business. The Company entered into sale and purchase agreement on 6 February 2025 to dispose of the entire equity interest in Chongqing Kingstone which was completed in April 2025, details of which are set out in the circular and announcement of the Company dated 18 March 2025 and 11 April 2025 respectively.

Property Management Services

Revenue for FY25: approximately HK\$34,537,000 (FY24: approximately HK\$31,037,000)

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. Founded in 2019, Zhejiang Huiyong Property Management Service Co., Ltd. (浙江暉永物業管理服務有限公司) (“**Huiyong Service**”), 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 Service provides diversified property management services and value-added services, with a number of property management projects and potential projects in Zhejiang, Sichuan, Fujian, Yunan, Guizhou and Chongqing. The properties under management comprised a variety of property types including residential communities, retail premises, office premises, sales offices and scenic areas, etc.

In recent years, Huiyong Service has been committed to developing a high-quality property service brand. The company takes leading domestic property service enterprises as benchmarks and adheres to the development philosophy of “quality first, brand foremost”. As a pioneer in innovations in property management area, it keeps abreast of the times and carries out management rigorously. It gains deep insights on customer needs with advanced and scientific service concepts. Placing customer needs at the forefront, the company employs cutting-edge property service systems and butler-style services to enhance service quality and efficiency while reducing service costs. Continuously creating greater value for customers, Huiyong Service is committed to building a better life and strives to become a top-tier service provider in the PRC.

In recent years, the property management industry has entered into a new development cycle, as affected by the profound adjustment of the domestic real estate industry. Huiyong Service's revenue dropped from approximately HK\$31.0 million for FY24 to approximately HK\$25.1 million for FY25, representing a decrease of approximately 19.2%. Such decrease was mainly attributable to intensive competitions from local competitors as well as downturn in the PRC property market.

During the year under review, the management of Huiyong Service has formulated a five-year strategic plan for the business development of Huiyong Service. In addition to providing continuous services for the existing quality projects under its management, Huiyong Service has planned to synchronize and focus its resources on businesses with greater potential and development prospects, and strives to expand its business and seek more opportunities for cooperation in commercial, office and public building management projects.

Additionally, Huiyong Service places a high priority on staff training and development. In this regard, it has established a well-structured three-tier training framework. Regular training sessions are organised, covering a range of topics such as professional skills, management techniques, and service excellence, all aimed at continuously improving the competence and expertise of its team members. This approach has helped them forge a highly skilled and widely praised workforce. Equipped with professional knowledge and skills, they provide high-quality services to customers, ensuring their satisfaction and trust, which is key to Huiyong Service's sustainable development. Such a team also provides strong impetus and support for the company's future expansion, allowing Huiyong Service to excel in a competitive market and continually achieve new milestones.

In November 2024, the Group acquired Chengdu Doof Commercial Management Limited Liability Company* (“**Chengdu Doof**”) (成都多弗商業管理有限責任公司). Chengdu Doof is principally engaged in commercial property management and artificial intelligence software development in the PRC and has entered into an exclusive property management contract with the owner of a commercial complex located in Chengdu's Shanbanqiao business district (杉板橋商圈). The complex comprises hotels, shopping malls, office buildings, and parking lots, with a total gross floor area of approximately 136,492.98 square meters for a fixed term of ten years. The property has an excellent geographical location with convenient access to Line 6 and Line 8 of the Chengdu Metro and is also well-connected to core business districts, including the Jianshe Road business district (建設路商圈) and the Wanxiangcheng business district (萬象城商圈) of Chengdu, which have affluent pedestrian flow. This new business brings an additional source of income and operating cash flow to the Group. For FY25, the revenue of lease income amounted to approximately HK\$9,467,000.

Renovation and Decoration

Revenue for FY25: approximately HK\$53,234,000 (FY24: approximately HK\$39,501,000)

The Group entered into the renovation and decoration industry in 2020 which enables the Group to acquire resources, skills and techniques and expand to complementary businesses. Wenzhou Beichen Construction Co., Ltd. (溫州北宸建設有限公司) (“**Beichen Construction**”), an indirect subsidiary of the Company, is principally engaged in renovation and decoration and engineering services in the PRC and holds the PRC Grade One construction and decoration engineering contractor qualification.

Beichen Construction specializes in decoration design and construction of hotels, shopping malls, office buildings, schools, hospitals, and other places. Its business is mainly located in Zhejiang Province, and it is currently gradually expanding business to other provinces. Beichen Construction strategically focuses on regional and third and fourth-tier cities, with in-depth development in the Zhejiang and Yangtze River Delta market. It will continue to secure new projects, providing public space decoration services for target customers such as local governments, private enterprises, and centralized state-owned enterprises. In its product planning, the company will prioritise public space decoration services as the core focus of its business development.

The overall development of Beichen Construction in FY25 has improved slightly as compared with the same period of last year. As the company’s experience and reputation continue to grow, it will expand its market presence based on market demand. While diligently completing ongoing renovation projects and expanding new projects, the company will explore business transformation, shifting from a construction-focused model to a parallel development of both construction and consulting services, which is expected to bring the Group sustainable revenue.

Hotel Operation in Japan

Revenue for FY25: approximately HK\$7,446,000 (FY24: approximately HK\$9,532,000)

Tafutsu Kabushiki Kaisha* (株式會社多弗), an indirect wholly-owned subsidiary of the Company, operates a resort hotel at the Yoichi town of Hokkaido, Japan. Seasonal colors decorate this resort all year round and rooms are open up to the beautiful natural surroundings. The resort is also adjacent to an 18-hole golf course, which allows our guests to enjoy resort golfing.

The decrease in revenue in FY25 as compared with FY24 was mainly attributable to the prolonged winter time in FY25 which adversely affected the revenue of our hotel operation. Leveraging on the experience and the network of the Group's management team, the Group's management team will continue to liaise with the travel agents, especially in the PRC, to attract more tour groups to visit the hotel and organise golf competitions to improve the occupancy rate of the hotel and the utilisation rate of the golf course. The Group actively engages in close cooperation and exchanges with local government bodies and various business groups to promote the hotel and golf course, thereby expanding the local customer base. The management also seeks to attract new international customers by collaborating with specialist organisations in the PRC, South Korea, Europe, the US, and Southeast Asia. The Group considers that the revenue growth of the hotel business will remain stable as Japan is experiencing inbound tourists boom.

The world's macro-economy is becoming increasingly unpredictable. During FY25, the Japanese yen has experienced volatility against other major global currencies, coupled with rising energy prices and labour shortages, all of which have exerted certain pressure on operations of the hotel. Management will respond to these challenges in various ways to create better results for the hotel.

Looking Forward

The Group has completed the disposal of the Chongqing Property in April 2025 having considered the continued downturn in the PRC property market, uncertainty in the outlook of the real estate industry, unsatisfactory financial performance of the Chongqing Property Business, as well as uncertainty in the Legal Proceedings. As a result, the Group's overall financial position improves as finance costs and debts have been significantly reduced after the disposal of the Chongqing Property, easing the pressure on capital.

With respect to property management business, the Group completed the acquisition of the entire equity interest in Chengdu Doof in November 2024, and this acquisition enhances our consolidated revenues. Meanwhile, we will continue to leverage on our industry reputation to enhance our brand awareness and influence in the property management segment, and seek partnership opportunities with other property leaders in the future.

For the renovation and decoration business, the management will continue to capitalize on the foundation laid in recent years to expand its industry presence. Looking ahead, we will focus our business on the renovation of public projects, while strengthening our connection with local governments to seek new business opportunities.

As for Japan hotel business, it is expected that there will be continuous growth in tourism in Japan. We will seize this opportunity and strengthen our close cooperation with local governments and social organizations to expand our customer base. We expect that the business of our hotel and golf club operation in Japan will grow steadily.

Financial Review

Revenue, gross profit and gross profit margin

Revenue of the Group for FY25 amounted to approximately HK\$138,047,000 (FY24: approximately HK\$126,710,000), which comprised of sales and leasing income from the Chongqing Property, income from operation of a hotel in Japan, income from provision of property management service and income from provision of renovation and decoration services in the PRC. The increase in revenue of approximately HK\$11,337,000 as compared to prior year was contributed primarily from the Group's renovation and decoration segment.

The Group's gross profit for FY25 amounted to approximately HK\$25,482,000, representing an year-on-year increase of approximately 53.43%.

The Group's gross profit margin for FY25 was 18.46%, representing an increase of 5.35% as compared to that of prior year of 13.11%, which was mainly due to effective cost control measures being imposed by the Group.

Other income and gains (losses), net

The Group's other income and gains (losses), net primarily include forfeited deposit income and government grants.

The Group's other income and gains (losses), changed from net losses of approximately HK\$2,115,000 for FY24 to net gains of approximately HK\$2,129,000 for FY25, which was mainly due to a loss on termination of lease amounted to approximately HK\$7,524,000 recognised in FY24. On the other hand, forfeited deposit income decreased by HK\$3,005,000 in FY25 as compared with FY24.

Selling and administrative expenses

Selling and administrative expenses mainly comprised of selling expenses amounted to approximately HK\$3,508,000 (FY24: approximately HK\$13,887,000) and administrative expenses of approximately HK\$59,595,000 (FY24: approximately HK\$55,642,000).

The Group's selling expenses decreased by approximately 74.74% which was primarily due to tightening control on staff costs in FY25 and these was one-off expenses in relation to termination of leases recognised in FY24.

The Group's administrative expenses increased by approximately 7.10%, which was primarily due to the additional legal and professional fee incurred related to the Legal Proceedings, acquisition of Chengdu Doof and resumption of trading on the Stock Exchange of Hong Kong in FY25.

Impairment loss on trade and other receivables/right-of-use assets/property, plant and equipment/properties held for sale

The Group's reversal for impairment loss on trade and other receivables for FY25 was HK\$862,000 (FY24: impairment loss HK\$615,000).

The Group's provision for impairment loss on right-of-use assets, impairment loss on property, plant and equipment and properties held for sale for FY25 amounted to approximately HK\$10,282,000 (FY24: approximately HK\$15,776,000), HK\$27,889,000 (FY24: approximately HK\$46,917,000) and HK\$43,466,000 (FY24: approximately HK\$45,793,000) based on their net realisable values, which resulted from the adverse market conditions of the real estate industry in the PRC. Subsequently, the Group has completed the disposal of Chongqing Property on 11 April 2025, and the financial impact of impairment loss on relating right-of-use assets, property, plant and equipment and property held for sale will be eliminated.

Decrease in fair value of investment properties

The Group's decrease in fair value of investment properties for FY25 amounted to approximately HK\$266,107,000 (FY24: approximately HK\$244,684,000), representing an increase of approximately HK\$21,423,000 as compared to FY24, which was mainly due to the decline in commercial property values resulted from the decrease in market demand.

Loss and total comprehensive expenses for the year attributable to equity holders of the Company

The loss for the year attributable to the equity holders of the Company for FY25 worsened to approximately HK\$592,211,000 (FY24: approximately HK\$551,828,000) and the total comprehensive expenses for FY25 attributable to equity holders of the Company was approximately HK\$587,537,000 (FY24: approximately HK\$575,984,000) which was mainly attributable to (i) decrease in fair value of investment properties amounted to approximately HK\$266,107,000; (ii) impairment loss on property, plant and equipment amounted to approximately HK\$27,889,000; (iii) impairment loss on properties held for sales amounted to approximately HK\$43,466,000; and (iv) finance costs amounted to approximately HK\$208,539,000.

LIQUIDITY AND CAPITAL RESOURCES

As at 31 March 2025, the Group has funded its operations, working capital, capital expenditure and other capital requirements primarily from cash generated from its operations, mainly including proceeds from sale of property, receipt of leasing income from investment property, receipt from serviced apartment and hotel operations, property management services fee and renovation and decoration services fee, bank and other borrowings, unsecured borrowings from a director and promissory notes.

As at 31 March 2025, the Group's negative total equity was approximately HK\$1,495,286,000 (FY24: approximately HK\$928,414,000), representing a decrease of approximately HK\$566,872,000 for FY25. This was mainly attributable to (i) exchange gain on translation of foreign operations of approximately HK\$4,680,000 as a result of a combination of Renminbi ("RMB") and Japanese Yen ("JPY") against Hong Kong dollars; and (ii) loss for the year attributable to equity holders of the Company for FY25 amounted to approximately HK\$592,211,000.

Cash position

As at 31 March 2025, the Group had cash and cash equivalent of approximately HK\$23,422,000 (FY24: approximately HK\$19,044,000). Cash and bank balances are mainly denominated in RMB.

Borrowings

As at 31 March 2025, the Group's total borrowings, comprising bank and other borrowings, promissory notes and unsecured borrowings from a director amounted to approximately HK\$3,074,718,000 (FY24: approximately HK\$2,862,191,000), representing an increase of approximately HK\$212,527,000 as compared with FY24. The borrowings as at 31 March 2025 were denominated either in RMB or Hong Kong dollars (FY24: same) and carried at interest rate of 4% to 15% per annum (FY24: 4% to 15% per annum).

The following table sets forth the maturity profiles of the Group's borrowings as at the dates indicated:

	As at 31 March	
	2025	2024
	HK\$'000	HK\$'000
Repayable within 1 year or on demand	2,437,557	1,382,419
Repayable within 1 to 2 years	–	1,479,772
Repayable within 2 to 5 years	637,161	–
	<u>3,074,718</u>	<u>2,862,191</u>

As at 31 March 2025, the entire Loan was reclassified to "Repayable on demand" due to Legal Proceedings. Subsequently, the Group has completed the very substantial disposal transaction of the Disposal Group on 11 April 2025. As a result of the disposal, the finance cost and debts of the Company will be significantly reduced whereas the Loan, the unsecured borrowings and the relevant accrued and future interest expense in relation to Chongqing Property and the interest accrued on the outstanding promissory notes will either be transferred or waived. The disposal will relieve the tremendous liquidity pressure of the Group to meet its financial obligations and will improve the overall financial position, as well as the gearing ratio.

Net current liabilities

As at 31 March 2025, the Group's net current liabilities amounted to approximately HK\$2,427,935,000 (FY24: approximately HK\$1,308,582,000).

Specifically, the Group's total current assets decreased by approximately 7.51% from approximately HK\$385,986,000 as at 31 March 2024 to approximately HK\$356,997,000 as at 31 March 2025. The Group's total current liabilities increased by approximately 64.34% from approximately HK\$1,694,568,000 as at 31 March 2024 to approximately HK\$2,784,932,000 as at 31 March 2025.

The decreased total current assets was mainly attributable to the decrease of approximately HK\$45,906,000 in properties held for sale primarily due to provision of impairment loss. The increased total current liabilities was mainly attributable to (i) reclassification of promissory notes from non-current liabilities to current liabilities for HK\$951,502,000 as at 31 March 2025; and (ii) increase in lease liabilities for \$22,254,000 as at 31 March 2025.

The current ratio, representing by total current assets divided by total current liabilities, dropped significantly to approximately 0.13 as at 31 March 2025 from approximately 0.23 as at 31 March 2024, which was primarily due to re-classification of promissory notes to current liabilities.

The Group's gearing ratio, representing by total borrowings divided by total equity, was approximately negative 2.06 as at 31 March 2025 (FY24: negative 3.08).

The Directors reviewed a cash flow forecast of the Group covering a period of 24 months from the end of the reporting period and consider that it is appropriate to prepare the consolidated financial statements on the going concern basis taking into account the following facts and assumptions:

- (a) The Group has completed the disposal of Chongqing Property in April 2025 which would significantly improve the financial position of the Group as the Defaulted Borrowing and the Litigations would be deconsolidated from the Group;
- (b) In connection with the disposal of Chongqing Property, the accrued outstanding interest on the outstanding promissory note of approximately HK\$420,819,000 will be waived. Additionally, subsequent to the reporting period, promissory notes totalling approximately HK\$530,683,000 and other borrowings of approximately HK\$2,380,000 would be extended to 31 December 2027 and 14 May 2027, respectively;
- (c) Provision of the drawdown of the Group's unused loan facilities with Mr. Hu of approximately HK\$583,828,000 (note 15), all of which will expire in December 2027; and
- (d) Provision of the drawdown of the Group's unused loan facilities with Mr. Hu's controlled related company of approximately HK\$12,114,000 (note 13), which will expire in December 2027.

Pledge on Assets

As at 31 March 2025, the Chongqing Property was pledged to secure bank borrowings granted to Chongqing Kingstone.

Financial risks

The main risks arising from the Group's activities are interest rate risk and foreign currency risk. Generally, the Group introduces conservative strategies on its risk management. To keep the Group's exposure to these risks to a minimum, the Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes.

Interests rate risk

The Group's exposure to risk for changes in market interest rates relates primarily to its interest-bearing bank and other borrowings. The Group does not use derivative financial instruments to hedge interest rate risks. The Group manages its interest costs using variable rate bank borrowings and other borrowings.

Foreign currency rates risk

The Group's functional currency is Hong Kong Dollars. The Group had subsidiaries operating in the PRC and Japan, in which most of their transactions are conducted in RMB and JPY respectively. Fluctuation of the exchange rates of HKD against foreign currency of RMB and JPY could affect the Group's result of operations. The Group currently does not enter any hedging contract for manage foreign exchange rate risk. The Group will closely monitor the foreign currency movements and may use hedging derivatives, such as foreign currency forward contracts, to manage its foreign currency risk if appropriate.

COMMITMENTS

As at 31 March 2025, the Group had capital commitment of approximately HK\$4,017,000 in relation to the signing of contracts which is being or will be performed (FY24: approximately HK\$4,236,000).

HUMAN RESOURCES AND REMUNERATION POLICY

As at 31 March 2025, the Group had a total workforce of 261 (FY24: 334). The total staff cost, including Directors' emoluments and mandatory provident fund contributions, amounted to approximately HK\$42,042,000 for FY25 (FY24: approximately HK\$46,068,000). Employees are remunerated based on their performance and experience. Remuneration package is determined with reference to market conditions and individual performance.

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 the PRC 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 two years ended 31 March 2024 and 31 March 2025, 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 31 March 2024 and 31 March 2025.

For each of the two years ended 31 March 2024 and 31 March 2025, the Group did not have any defined benefit plan.

SIGNIFICANT INVESTMENTS HELD

Save as disclosed above, the Group held no significant investment as at 31 March 2025.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Company has entered a conditional sale and purchase agreement dated 6 February 2025 with China JinNiu Group Limited. Total Idea and Mr. Hu in respect of the disposal of Gloryear Investments Limited, and such disposal was completed on 11 April 2025.

Save as disclosed above and also for the acquisition of Chengdu Doof, for FY25, there were no other material acquisitions and disposal of subsidiaries, associates or joint ventures by the Group.

CAPITAL STRUCTURE

There has been no change in the capital structure of the Group during FY25. The capital of the Group only comprises ordinary shares.

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 C3 to the Listing Rules as the code of conduct for dealing in securities of the Company (the “**Securities**”) 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 2025. To ensure Directors' dealings in 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 received from each of the independent non-executive Directors an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Board has assessed the independence of all the independent non-executive Directors and is satisfied of their independence.

AUDIT COMMITTEE

The audit committee, which comprises three independent non-executive directors of the Company, has reviewed with the management in conjunction with the auditor, the accounting principles and practices adopted by the Group and discussed the internal control, risk management and financial reporting matters including the review of audited consolidated financial statements of the Group for the year ended 31 March 2025.

PURCHASE, REDEMPTION OR SALES OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including treasury shares, if any) during the year ended 31 March 2025.

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 Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 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.1.8, the Company should arrange appropriate insurance cover for legal action against the Directors. The Company has not identified suitable director liability insurance with reasonable insurance premium while providing adequate suitable security to Directors during FY25. The Company is still in the process of obtaining insurance proposals from the insurers with the intent to purchase the relevant liability insurance for Directors within the year 2025.

SUBSEQUENT EVENTS

- (a) On 11 April 2025, the very substantial disposal and connected transaction related to the segment – Chongqing property has been completed.
- (b) On 11 April 2025, the maturity date of the promissory notes has been extended from 31 December 2025 to 31 December 2027. The outstanding interest accrued on the outstanding promissory notes of approximately HK\$420,819,000 as at 31 March 2025 were waived by Total Idea.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of the Company (www.msil.com.hk) and the Stock Exchange (www.hkexnews.hk). The annual report of the Company for the year ended 31 March 2025 will be despatched to the Shareholders and made available on the above websites in due course.

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, 25 June 2025

As at the date of this announcement, the executive directors are Mr. Hu Xingrong (Chairman), Mr. Li Zhenyu and Ms. Cong Wenlin; and the independent non-executive directors are Ms. Pau Yee Ling, Mr. Wong Kwan Kit and Ms. Zhou Hong.