MAN SANG INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 938)

ANNUAL RESULTS ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026

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 2026.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 March 2026

	Notes	2026 HK$'000	2025 HK$'000 (Re-presented)
Continuing operations			
Revenue	3	**94,399**	95,217
Cost of sales		**(52,762)**	(79,741)
Gross profit		**41,637**	15,476
Other income and gains, net	5	**158**	2,020
Selling expenses		**–**	(222)
Administrative expenses		**(23,893)**	(27,023)
(Provision of)/reversal of impairment loss on trade and other receivables and contract assets		**(12,238)**	862
Decrease in fair value of investment properties		**(25,300)**	(7,560)
Finance income	6	**4**	7
Finance costs	6	**(50,233)**	(52,275)
Loss before tax	7	**(69,865)**	(68,715)
Income tax credit/(expense)	8	**211**	(926)
Loss for the year from continuing operations		**(69,654)**	(69,641)
Discontinued operation			
Profit/(loss) for the year from discontinued operation	18	**464,756**	(522,188)
Profit/(loss) for the year		**395,102**	(591,829)
Attributable to:			
Owners of the Company			
From continuing operations		**(67,921)**	(70,023)
From discontinued operation		**464,756**	(522,188)
		396,835	(592,211)
Non-controlling interest			
From continuing operations		**(1,733)**	382
		395,102	(591,829)
EARNINGS/(LOSS) PER SHARE FROM CONTINUING AND DISCONTINUED OPERATIONS			
– basic and diluted	9	**HK61 cents**	HK(92) cents
LOSS PER SHARE FROM CONTINUING OPERATIONS			
– basic and diluted	9	**HK(10) cents**	HK(11) cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2026

	Note	**2026** ***HK$'000***	2025 *HK$'000* (Re-presented)
Profit/(loss) for the year		**395,102**	(591,829)
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		**5,009**	4,680
Reclassification of cumulative translation reserve upon disposal of a foreign operation	*18*	**31,326**	–
Other comprehensive income for the year		**36,335**	4,680
Total comprehensive income/(loss) for the year		**431,437**	(587,149)
Total comprehensive income/(loss) for the year attributable to:			
Owners of the Company		**433,277**	(587,537)
Non-controlling interest		**(1,840)**	388
		431,437	(587,149)
Total comprehensive income/(loss) attributable to owners of the Company:			
From continuing operations		**(64,201)**	(75,113)
From discontinued operation		**497,478**	(512,424)
		433,277	(587,537)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2026

	Notes	2026 HK$'000	2025 HK$'000
Non-current assets			
Investment properties		**88,920**	1,120,290
Property, plant and equipment		**32,293**	392,404
Right-of-use assets		**7,287**	130,535
Intangible assets		**1,640**	1,606
Deferred income tax assets		**–**	21,130
Other receivables	*11*	**2,656**	2,140
		132,796	1,668,105
Current assets			
Properties held for sale		**–**	261,080
Inventories		**35**	69
Trade and other receivables	*11*	**32,607**	39,247
Contract assets	*11*	**21,844**	16,589
Amounts due from related companies		**34,822**	16,590
Cash and cash equivalents		**17,009**	23,422
		106,317	356,997
Current liabilities			
Trade and other payables	*12*	**68,548**	161,543
Amounts due to related companies		**3,588**	19,540
Tax payables		**8,023**	143,694
Bank and other borrowings	*13*	**–**	1,486,055
Promissory notes	*14*	**–**	951,502
Lease liabilities		**34,778**	22,598
		114,937	2,784,932
Net current liabilities		**(8,620)**	(2,427,935)
Total assets less current liabilities		**124,176**	(759,830)

	Notes	**2026**	2025
		HK$'000	*HK$'000*
Non-current liabilities			
Deferred income tax liabilities		**11,742**	36,378
Promissory notes	*14*	**538,005**	–
Bank and other borrowings	*13*	**117,819**	98,528
Unsecured borrowings from a director	*15*	**15,060**	538,633
Lease liabilities		**47,962**	61,917
		730,588	735,456
Net liabilities		**(606,412)**	(1,495,286)
Capital and reserves			
Share capital	*17*	**323,599**	323,599
Reserves		**(927,506)**	(1,818,220)
Equity attributable to owners of the Company		**(603,907)**	(1,494,621)
Non-controlling interest		**(2,505)**	(665)
Total Equity		**(606,412)**	(1,495,286)

NOTES

For the year ended 31 March 2026

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 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 operation. The Group's sales of properties business was discontinued during the year ended 31 March 2026.

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

Going Concern basis of accounts preparation

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 incurred loss from continuing operation of approximately HK$69,654,000, which included finance costs of approximately HK$50,233,000, for the year ended 31 March 2026 and, as of that date, the Group had net current liabilities and net liabilities of approximately HK$8,620,000 and HK$606,412,000 respectively. Included in the net liabilities are mainly non-current liabilities including bank and other borrowings of approximately HK$117,819,000, promissory notes of approximately HK$538,005,000 and unsecured borrowings from a director of approximately HK$15,060,000, while the Group's cash and cash equivalents amounted to approximately HK$17,009,000.

The Group's ability to continue as a going concern depends on, inter alia, the timing of repayment of the aforesaid liabilities, refinancing possibilities, funding available from the shareholders and other sources. Certain plans and measures have been taken to improve the Group's financial position; these include:

(a) As disclosed in note 20(c), on 12 March 2026, the Group entered into agreement with China JinNiu Group Limited ("**China JinNiu**") (a company wholly owned by Mr. Hu) to dispose of the Group's hotel business operating in Japan to China JinNiu. The disposal was approved by independent shareholders in special general meeting on 21 May 2026. The disposal consideration of HK$88,500,000 for the Sale Share and HK$15,500,000 for the Sale Loan was satisfied by the offsetting of the promissory notes amounted to approximately HK$104,000,000. This disposal would reduce recurring finance costs burden and the amount of interest-bearing borrowings of the Group.

(b) As disclosed in note 20(b), the Group entered into agreement with Mr. Hu, Duofu Holdings Group Co. Limited and Total Idea International Limited (which were both wholly owned by Mr. Hu) on 25 March 2026 for the issue of convertible bonds by the Company to offset the promissory notes to the extent of approximately HK$461,787,000 and the unsecured borrowings from a director of approximately HK$14,889,000 and other borrowings of approximately HK$117,588,000, aiming to reduce finance costs and less reliance of interest-bearing borrowings. The issue was completed in June 2026.

(c) Mr. Hu, has committed to provide financial support to the Group and Mr. Hu and Duofu Holdings Group Co. Limited, a company wholly owned by Mr. Hu, committed not to recall any loan granted to the Group upon their maturity until the Group has the ability to repay. As at 31 March 2026, the undrawn unsecured revolving loan facility granted by Mr. Hu amounted to approximately HK$96,966,000 (Note 15(ii)).

(d) The Group continues to improve the operating efficiency by implementing measures to tighten cost controls over various operating expenses in order to enhance its ability to improve profitability and the cash flow from its operations in future.

Having considered the Group's cash flow projections for a period of not less than 18 months from 31 March 2026, 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 12 months from the date of authorisation for issue 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, there are uncertainties inherited in future event and projection, in particular whether financial support from Mr. Hu will be available in the timing and manner that match the Group's requirement.

Should the Group be unable to continue to operate as a going concern, 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 non-current 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 the following amendments to HKFRS Accounting Standards issued by the HKAS for the first time, which are mandatory effective for the Group's annual period beginning on 1 April 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21 Lack of Exchangeability

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

New and amendments to HKFRS Accounting Standards in issue 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[2]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[2]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[1]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[1]
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7[1]
Amendments to HKAS 21	Translation to a Hyperinflationary presentation currency[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

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

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

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

Except for the new and amendments to HKFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

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 2026					
	Discontinued operation	Continuing operations				
	Chongqing property	Property management services	Renovation and decoration	Hotel operation	Sub-total	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Type of goods and services						
– Operation of serviced apartments	**1,296**	**–**	**–**	**–**	**–**	**1,296**
– Property management services	**–**	**28,611**	**–**	**–**	**28,611**	**28,611**
– Renovation and decoration services	**–**	**–**	**25,486**	**–**	**25,486**	**25,486**
– Hotel room	**–**	**–**	**–**	**3,655**	**3,655**	**3,655**
– Restaurant operations	**–**	**–**	**–**	**689**	**689**	**689**
– Golf club operations	**–**	**–**	**–**	**4,357**	**4,357**	**4,357**
– Other	**–**	**–**	**–**	**343**	**343**	**343**
Total revenue from contracts with customers	**1,296**	**28,611**	**25,486**	**9,044**	**63,141**	**64,437**
Rental income for investment properties under operating lease						
– Fixed lease payments	**170**	**31,258**	**–**	**–**	**31,258**	**31,428**
Total revenue	**1,466**	**59,869**	**25,486**	**9,044**	**94,399**	**95,865**

	For the year ended 31 March 2025 (Re-presented)					
	Discontinued operation	Continuing operations				
	Chongqing property	Property management services	Renovation and decoration	Hotel operation	Sub-total	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Type of goods and services						
– Operation of serviced apartments	37,105	–	–	–	–	37,105
– Property management services	–	25,070	–	–	25,070	25,070
– Renovation and decoration services	–	–	53,234	–	53,234	53,234
– Hotel room	–	–	–	1,931	1,931	1,931
– Restaurant operations	–	–	–	415	415	415
– Golf club operations	–	–	–	4,986	4,986	4,986
– Other	–	–	–	114	114	114
Total revenue from contracts with customers	37,105	25,070	53,234	7,446	85,750	122,855
Rental income for investment properties under operating lease						
– Fixed lease payments	5,725	9,467	–	–	9,467	15,192
Total revenue	42,830	34,537	53,234	7,446	95,217	138,047

4. SEGMENT INFORMATION

The executive directors of the Company have been identified as the chief operating decision maker (the "**CODM**"). Management determines the operating segments based on the Group's internal reports, which are reviewed by the 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 (Discontinued (note 18))

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 – Hotel and/or golf club operations in Hokkaido, Japan and the PRC

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

For the year ended 31 March 2026

	Discontinued operation	**Continuing operations**				
	Chongqing property *HK$'000*	**Property management services** *HK$'000*	**Renovation and decoration** *HK$'000*	**Hotel operation** *HK$'000*	**Sub-total** *HK$'000*	**Total** *HK$'000*
REVENUE						
Revenue from external customers	**1,466**	**59,869**	**25,486**	**9,044**	**94,399**	**95,865**
Segment profit/(loss)	**464,756**	**2,788**	**(5,778)**	**(5,006)**	**(7,996)**	**456,760**
Unallocated income						**5**
Unallocated expenses						**(61,874)**
Profit before tax						**394,891**

For the year ended 31 March 2025 (Re-presented)

	Discontinued operation	Continuing operations				
	Chongqing property *HK$'000*	Property management services *HK$'000*	Renovation and decoration *HK$'000*	Hotel operation *HK$'000*	Sub-total *HK$'000*	Total *HK$'000*
REVENUE						
Revenue from external customers	42,830	34,537	53,234	7,446	95,217	138,047
Segment (loss)/profit	(519,600)	(1,646)	5,160	(6,520)	(3,006)	(522,606)
Unallocated income						1
Unallocated expenses						(68,298)
Loss before tax						(590,903)

Segment assets and liabilities

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

	2026 *HK$'000*	2025 *HK$'000*
Segment assets		
Chongqing property	**–**	1,778,602
Property management services	**150,105**	174,005
Renovation and decoration	**39,771**	23,261
Hotel operation	**46,142**	43,920
Unallocated assets	**3,095**	5,314
Total consolidated assets	**239,113**	2,025,102
Segment liabilities		
Chongqing property	**–**	2,276,184
Property management services	**104,329**	135,476
Renovation and decoration	**43,212**	22,466
Hotel operation	**24,720**	17,141
Unallocated liabilities	**673,264**	1,069,121
Total consolidated liabilities	**845,525**	3,520,388

5. OTHER INCOME AND GAINS, NET

	2026	2025
	HK$'000	*HK$'000*
		(Re-presented)
From continuing operations		
Forfeited deposit income	**4**	200
Government grants	**126**	462
Exchange gain/(loss), net	**5**	(3)
Others	**23**	1,361
	158	2,020

6. FINANCE INCOME AND FINANCE COSTS

	2026	2025
	HK$'000	*HK$'000*
		(Re-presented)
From continuing operations		
Finance income:		
– Bank interest income	**4**	7
Finance costs:		
– Interest on bank and other borrowings	**7,426**	3,380
– Interest on unsecured borrowings from a director	**935**	–
– Interest on promissory notes	**38,561**	47,640
– Interest on lease liabilities	**3,311**	1,255
	50,233	52,275

7. LOSS BEFORE TAX

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

	2026 *HK$'000*	2025 *HK$'000* (Re-presented)
From continuing operations		
Staff costs (including directors and chief executive of the Company)		
– salaries and other allowances	**23,165**	26,590
– retirement benefits schemes contributions	**4,123**	2,982
	27,288	29,572
Auditor's remuneration		
– Statutory audit services	**1,190**	1,170
– Other services	**220**	160
Provision of impairment loss on other receivables	**1,959**	–
Provision of/(reversal of) impairment loss on trade receivables	**9,128**	(862)
Provision of impairment loss on contract assets	**1,151**	–
Depreciation of property, plant and equipment	**4,578**	4,393
Depreciation of right-of-use assets	**639**	–
Gross rental income from investment properties	**(31,258)**	(9,467)
Less: direct operating expenses incurred for investment properties that generated rental income during the year	**2,433**	3,044

8. INCOME TAX (CREDIT)/EXPENSE

	2026 *HK$'000*	2025 *HK$'000*
Current income tax		
– PRC Enterprise Income Tax	**3,144**	2,178
Deferred tax	**(3,355)**	(1,252)
	(211)	926

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 2026 and 2025.

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 2026 and 2025.

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 2026 and 2025 under the Law of the PRC's on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law.

9. EARNINGS/(LOSS) PER SHARE

The calculation of the basic and diluted earnings/(loss) per share attributable to owners of the Company is based on the following data:

	2026	2025
	HK$'000	*HK$'000*
		(Re-presented)
Profit/(loss) for the year attributable to owners of the Company for the purpose of basic and diluted earnings/(loss) per share		
– from continuing operations	**(67,921)**	(70,023)
– from discontinuing operation	**464,756**	(522,188)
	396,835	(592,211)
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**647,199**	647,199
Basic earnings/(loss) per share		
From continuing operations (in HKD)	**(10) cents**	(11) cents
From discontinued operation (in HKD)	**71 cents**	(81) cents
Total basic earnings/(loss) per share attributable to owners of the Company (in HKD)	**61 cents**	(92) cents

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

There were no potential dilutive ordinary shares in issue during the years ended 31 March 2026 and 2025, 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 2026, nor has any dividend been proposed since the end of the reporting period (2025: nil).

11. TRADE AND OTHER RECEIVABLES AND CONTRACT ASSETS

	2026	2025
	HK$'000	*HK$'000*
Trade receivables	**25,179**	20,627
Less: allowance for impairment of trade receivables	**(9,864)**	(4,045)
	15,315	16,582
Deposits and other receivables	**14,290**	25,094
Less: allowance for impairment of other receivables	**(2,042)**	(1,682)
Prepayments	**7,700**	1,393
	19,948	24,805
Total trade and other receivables	**35,263**	41,387
Portion classified as current assets	**(32,607)**	(39,247)
Non-current portion	**2,656**	2,140
Contract assets	**22,995**	16,589
Less: allowance for impairment of contract assets	**(1,151)**	–
	21,844	16,589

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.

	2026	2025
	HK$'000	*HK$'000*
0 – 30 days	**3,462**	14,533
31 – 90 days	**4,958**	291
91 – 180 days	**2,312**	608
181 – 365 days	**951**	363
More than 365 days	**3,632**	787
	15,315	16,582

12. TRADE AND OTHER PAYABLES

	2026	2025
	HK$'000	*HK$'000*
Trade payables	**39,258**	22,147
Construction costs accruals and payables	**–**	50,725
Contract liabilities	**7,028**	3,666
Other accruals and payables	**22,262**	85,005
	68,548	161,543

13. BANK AND OTHER BORROWINGS

	2026	2025
	HK$'000	*HK$'000*
Other borrowings – unsecured	**117,819**	100,908
Bank borrowing – secured	**–**	1,483,675
	117,819	1,584,583
Current:		
Unsecured other borrowings – principal portion *(note (i))*	**–**	1,498
Unsecured other borrowings – interest portion *(note (i))*	**–**	882
Secured bank borrowing – principal portion *(note (ii))*	**–**	1,295,443
Secured bank borrowing – interest portion *(note (ii))*	**–**	188,232
	–	1,486,055
Non-current:		
Unsecured other borrowings – principal portion *(notes (i) and (iii))*	**100,000**	87,886
Unsecured other borrowings – interest portion *(notes (i) and (iii))*	**17,819**	10,642
	117,819	98,528
Total bank and other borrowings	**117,819**	1,584,583

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

	2026	2025
	HK$'000	*HK$'000*
Within 1 year or on demand *(note i & ii)*	**–**	1,486,055
More than 1 year but less than 2 years *(note iii)*	**117,819**	–
More than 2 years but less than 5 years *(note iii)*	**–**	98,528
	117,819	1,584,583

(i) The unsecured other borrowings as at 31 March 2026 represented the unsecured borrowings from Duofu Holdings Group Co., Limited ("**Duofu Holdings**"), which are beneficially owned by Mr. Hu, with totalling outstanding principal amount of RMBnil (2025: RMB1,400,000), equivalent to HK$nil (2025: approximately HK$1,498,000) carrying fixed interest rate of nil% per annum (2025: 15% per annum); and total interest payable of RMBnil (2025: approximately RMB824,000), equivalent to HK$nil (2025: approximately HK$882,000), which are repayable on the maturity date.

As of 14 May 2024, the repayment date for the outstanding principal amount of RMBnil, equivalent to approximately HK$1,400,000 and interest payable of RMBnil, equivalent to approximately HK$612,000, both as at 31 March 2024, has been extended from 14 May 2023 to 14 May 2025. All other terms remain unchanged. 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 RMBnil (2025: approximately RMB1,210,694,000), equivalent to HK$nil (2025: approximately HK$1,295,443,000).

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:

	2026	2025
	HK$'000	*HK$'000*
Property, plant and equipment	–	354,165
Properties held for sale	–	261,080
Right-of-use assets	–	130,535
Investment properties	–	1,012,220

As at 31 March 2026, the Group's secured bank borrowing with carrying amount of HK$nil (2025: approximately HK$1,295,443,000) 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$nil as at 31 March 2026 (2025: approximately HK$1,483,675,000). On 22 July 2014, 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. As at 31 March 2025, the legal case is in the process. Thus, the bank loan was classified as a current position as at 31 March 2025. Details of the legal proceedings are set out in note 19 to this report.

(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 2026, unsecured revolving loan facility with aggregate principal amount of approximately HK$100,000,000 (2025: approximately HK$87,886,000) has been drawn down and interest payable of approximately HK$17,819,000 (2025: approximately HK$10,642,000), which will be repayable on the maturity date. The remaining loan facility with principal amount of HK$nil (2025: approximately HK$12,114,000) has not yet been utilised.

14. PROMISSORY NOTES

	2026	2025
	HK$'000	*HK$'000*
Promissory notes:		
– More than 1 year but less than 2 years (2025: within 1 year)	**538,005**	951,502

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 controlling shareholder, 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 of approximately HK$421 million until 11 April 2025 was waived by Total Idea. Details are set out in the Company's announcements dated 18 March 2025 and 11 April 2025.

As part of the condition to the transactions as disclosed in note 18, Total Idea International Limited, the promissory note holder waived outstanding interest of approximately HK$421 million on the promissory notes during the year ended 31 March 2026.

15. UNSECURED BORROWINGS FROM A DIRECTOR

	2026	2025
	HK$'000	*HK$'000*
Unsecured borrowings denominated in RMB *(note (i))*		
– principal portion	**–**	372,172
– interest portion	**–**	152,706
	–	524,878
Unsecured borrowing denominated in HK$ *(note (ii))*		
– principal portion	**3,034**	–
– interest portion	**12,026**	13,755
	15,060	13,755
	15,060	538,633

(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 2026, unsecured borrowings with aggregate principal amount of RMBnil (2025: approximately RMB347,824,000), equivalent to HK$nil (2025: approximately HK$372,172,000), has been drawn down, remaining RMBnil (2025: approximately RMB452,176,000), equivalent to HK$nil (2025: approximately HK$483,828,000), 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 2026, unsecured borrowings with aggregate principal amount of approximately HK$3,034,000 (2025: nil) has been drawn down, remaining approximately HK$96,966,000 (2025: HK$100,000,000) has not yet utilised.

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

	2026	2025
	HK$'000	*HK$'000*
Fixed rate		
– expiring on 31 December 2027 (2025: 31 December 2027)	**96,966**	583,828

16. CAPITAL COMMITMENT

	2026	2025
	HK$'000	*HK$'000*
Capital expenditure in respect of refurbishment of properties contracted but not provided for in the consolidated financial statements	**–**	4,017

17. SHARE CAPITAL

	Number of shares	**Share capital**
	'000	*HK$'000*
Ordinary shares		
Authorised		
At 1 April 2024, 31 March 2025, 1 April 2025 and 31 March 2026 *(Par value of HK$0.5 each)*	1,000,000	500,000
Issued and fully paid		
At 1 April 2024, 31 March 2025, 1 April 2025 and 31 March 2026 *(Par value of HK$0.5 each)*	647,199	323,599

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

18. DISPOSAL OF SUBSIDIARIES

The Group entered into a conditional sale and purchase agreement on 6 February 2025 to dispose of Gloryear Investments Limited and its subsidiaries (collectively referred to as "the **Target Group**"), which represents its entire property business in Chongqing, China, together with an assignment of the outstanding shareholder's loan (referred to as the sale loan) of approximately HK$358.7 million owed by the target company to the Group. The purchaser is China JinNiu Group Limited, a company wholly owned by Mr. Hu Xingrong ("**Mr. Hu**").

The total cash consideration is HK$1, payable upon completion. This disposal arrangement was duly disclosed in the circular dated 18 March 2025 and the transaction was approved by independent shareholders at Special General Meeting on 3 April 2025. The disposal was completed on 11 April 2025.

The loss for the period from the discontinued Chongqing property business is set out below. The comparative figures in the consolidated statement of profit or loss have been re-presented the Chongqing property business as discontinued operation.

	Period from 1 April 2025 to 11 April 2025	For the year ended 31 March 2025
	HK$'000	*HK$'000*
Loss for the period	**(4,978)**	(522,188)
Gain on disposal of subsidiaries	**469,734**	–
	464,756	(522,188)

The results of the Chongqing property business for the periods from 1 April 2025 to 11 April 2025, which have been included in consolidated statement of profit or loss:

	Period from 1 April 2025 to 11 April 2025	For the year ended 31 March 2025
	HK$'000	*HK$'000*
Revenue	**1,466**	42,830
Cost of sales	**(946)**	(32,824)
Gross profit	**520**	10,006
Other income and gains, net	**–**	109
Selling expenses	**(101)**	(3,286)
Administrative expenses	**(1,468)**	(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 sales	**–**	(43,466)
Decrease in fair value of investment properties	**–**	(258,547)
Finance income	**–**	3
Finance costs	**(3,929)**	(156,264)
Loss before tax	**(4,978)**	(522,188)
Income tax expense	**–**	–
Loss for the period	**(4,978)**	(522,188)
Gain on disposal of subsidiaries	**469,734**	–
Profit/(loss) for the period/year from discontinued operation	**464,756**	(522,188)

An analysis of assets and liabilities disposed of is summarised as follows:

	As at 11 April 2025 *HK$'000*
Non-current assets	
Investment properties	**1,012,220**
Property, plant and equipment	**354,175**
Right-of-use assets	**130,535**
	1,496,930
Current assets	
Properties held for sale	**261,080**
Inventories	**10**
Trade and other receivables	**10,416**
Cash and cash equivalents	**10,021**
	281,527
Current liabilities	
Trade and other payables	**106,138**
Amounts due to the shareholder	**358,719**
Amounts due to related companies	**17,161**
Tax payables	**143,415**
Bank and other borrowings	**1,486,594**
	2,112,027
Net current liabilities	**(1,830,500)**
Total assets less current liabilities	**(333,570)**
Non-current liability	
Unsecured borrowings from a director	**526,209**
Net liabilities	**(859,779)**
Gain on disposal of subsidiaries	
Consideration for the disposal	**–**
Net liabilities disposed of	**859,779**
Assignment of shareholder loan	**(358,719)**
Reclassification of cumulative translation reserve upon disposal of the Target Group to profit or loss	**(31,326)**
Gain on disposal	**469,734**
Net cash flow arising on disposal of the Target Group	
Cash consideration	**–**
Less: cash and cash equivalents disposed of	**(10,021)**
	(10,021)

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 approximately HK$6,735,000 (equivalent to approximately 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.

The above litigation was related to Gloryear and its subsidiaries which were disposed during the year ended 31 March 2026.

(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.

The above litigation was related to Gloryear and its subsidiaries which were disposed during the year ended 31 March 2026.

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.

20. SUBSEQUENT EVENTS

(a) Capital reorganisation

On 26 May 2026, the Company effected a capital reorganisation, approved by a special resolution passed at the SGM on 21 May 2026, whereby each issued share was reduced from HK$0.50 to HK$0.10 par value (reducing issued share capital from HK$323,599,000 to HK$64,719,000) and each unissued share of HK$0.50 was subdivided into five new shares of HK$0.10 par (resulting in authorised share capital of HK$500,000,000 divided into 5,000,000,000 new shares); the credit from the share premium reduction was transferred to the contribution surplus account, which may be used to offset accumulated losses or as otherwise permitted.

* *For identification purpose only*

(b) Issuance of convertible bonds (the "Convertible Bonds")

On 25 March 2026, the Group entered into a subscription agreement (the "**Subscription Agreement**") for the issue of convertible bonds in the aggregate principal amount of HK$594,264,000 at a coupon rate of 2% per annum maturing on 31 December 2029, convertible into not more than 1,485,660,000 conversion shares (the "**Subscriptions**").

The consideration of the Subscriptions, which is equivalent to the entire principal amount of the Convertible Bonds, shall be settled and discharged by the subscribers by setting off (i) the then outstanding principal amount and the accrued interest in the sum of HK$461,787,000 of the promissory note due from the Company to Total Idea International Limited up to 28 February 2026, (ii) the principal amount of HK$100,000,000 and the accrued interest of HK$17,588,000 of an unsecured revolving loan due from a subsidiary of the Company to Duofu Holdings Group Co., Limited up to 28 February 2026 (i.e. HK$117,588,000) and (iii) the principal amount of HK$1,127,000 and the accrued interest of HK$13,762,000 of an unsecured revolving loan due from a subsidiary of the Company to Mr. Hu up to 28 February 2026 (i.e. HK$14,889,000). The issuance was completed in June 2026.

(c) Disposal of Japanese hotel

On 12 March 2026, the Group entered into a conditional sale and purchase agreement to dispose of 100% equity of Decent Start Limited (which holds a hotel located in Yoichi, Hokkaido, Japan). The purchaser, China JinNiu Group Limited, is ultimately controlled by the Group's controlling shareholder and chairman, Mr. Hu Xingrong. As such, the transaction constitutes a connected transaction under the Listing Rules. The aggregate consideration was HK$104,000,000, comprising HK$88,500,000 for the sale share and HK$15,500,000 for the sale loan. The consideration was satisfied in full by the purchaser procuring the holder of the outstanding promissory note to set off the outstanding principal amount of the promissory note against an amount equal to the consideration at completion, whereupon the relevant promissory note was cancelled accordingly. As the holder of the promissory note is Total Idea International Limited, in which Mr. Hu, the controlling shareholder, the executive director and chairman of the Company, is the ultimate beneficial owner, the transaction was a connected transaction requiring independent shareholders' approval, which was obtained on 15 May 2026. In addition, as part of the transaction, the promissory note holder agreed to waive the interest accrued on the outstanding promissory note with principal amount of HK$104 million from 12 April 2025 to the date of completion. Upon completion, the outstanding principal amount of the promissory notes was reduced from HK$550 million to HK$446 million. The transaction was completed in May 2026.

SCOPE OF WORK OF RONGCHENG (HONG KONG) 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 2026 as set out in this preliminary announcement have been agreed by the Company's auditor, Rongcheng (Hong Kong) CPA Limited ("**Rongcheng**"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Rongcheng 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 Rongcheng 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 2026 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 set out the circumstance the Directors have considered for the going concern basis of account preparation. The Group incurred loss from continuing operation of approximately HK$69,654,000, which included finance costs of approximately HK$50,233,000, during the year ended 31 March 2026 and, as of that date, the Group had total net current liabilities and net liabilities of approximately HK$8,620,000 and HK$606,412,000 respectively. Included in the net liabilities are mainly non-current liabilities including bank and other borrowings of approximately HK$117,819,000, promissory notes of approximately HK$538,005,000 and unsecured borrowings from a director of approximately HK$15,060,000, while the Group's cash and cash equivalents amounted to approximately HK$17,009,000.

As stated in note 2 to the consolidated financial statements, the Group had completed certain events after the reporting period including the disposal of hotel business operating in Japan, issuance of convertible bond to refinance certain portion of the promissory notes, other borrowings and borrowing from a director to improve the financial position of the Group. However, there are inherent uncertainties which 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.

FINAL DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 March 2026.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Overview

The Board is pleased to report the results of the Group for FY26. During FY26, basic earnings per share from continuing and discontinuing operations was approximately HK$0.61 (FY25: basic loss per share of approximately HK$0.92), and total comprehensive income was approximately HK$431,437,000 (FY25: total comprehensive expense of approximately HK$587,149,000).

Business Review

During FY26, 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 operation, to create diversified income sources for the Group.

Chongqing Property

Revenue for FY26: was approximately HK$1,466,000 (FY25: approximately HK$42,830,000).

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**").

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**").

In view of the downturn of the PRC property market, the uncertain prospect of the real estate industry, the unsatisfactory financial performance, net liabilities position of the Chongqing Property Business and the uncertainty arising from the legal proceedings against Chongqing Kingstone (details of which are set out in notes 35 and 36 to the consolidated financial statements), the Company had decided to dispose of its Chongqing Property Business. Following the completion of the disposal of the entire issued share capital of Gloryear Investments Limited ("**Gloryear**") on 11 April 2025, the Group no longer engages in the Chongqing Property Business. Accordingly, this operation was classified as a discontinued operation. For details of the said transaction, please refer to the circular of the Company dated 18 March 2025 and the announcement of the Company dated 11 April 2025.

* *For identification only*

Property Management Services

Revenue for FY26: was approximately HK$59,869,000 (FY25: approximately HK$34,537,000)

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, and was one of the companies among the "Top 500 China Property Service Enterprises in Comprehensive Strength" in 2025 and 2026 awarded by CRIC China in collaboration with China Real Estate Association.

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, Yunnan, 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.

During the year, Huiyong Service's revenue increased from approximately HK$25,070,000 for FY25 to approximately HK$28,611,000 for FY26, representing an increase of approximately 14.1%, which was mainly attributable to a stabilised PRC property market.

The management of Huiyong Service has been taking steps to implement the 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 synchronise 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 FY26, the revenue of commercial property management services amounted to approximately HK$31,258,000 (FY25: approximately HK$9,467,000), representing an increase of approximately 230.2% due to its full-year contribution.

Renovation and Decoration

Revenue for FY26: was approximately HK$25,486,000 (FY25: approximately HK$53,234,000)

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 specialises 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.

For FY26, revenue from the Renovation and Decoration segment recorded a decline as compared with FY25. The segment's revenue decreased by 52.1% from approximately HK$53,234,000 to approximately HK$25,486,000, driven by the prevailing property market conditions and economic cycle and the substantial completion or completion of major projects in the PRC in previous years. To address these challenges, management has undertaken measures to streamline operations, optimise cost structures, and strengthen relationships with major clients. Going forward, 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, despite the current market headwinds.

Hotel Operation

Revenue for FY26: was approximately HK$9,044,000 (FY25: approximately HK$7,446,000)

During FY26, the Group has hotel operation in both Japan and Lijiang, with the lease agreement entered in January 2026.

Tafutsu Kabushiki Kaisha* (株式會社多弗), an indirect wholly-owned subsidiary of the Company, operates a resort hotel at Yoichi town of Hokkaido, Japan (the "**Japan Hotel Operation**"). The property, which offered year-round seasonal scenery, resort-style accommodation and an adjacent 18-hole golf course, allowed guests to enjoy both leisure stays and golf activities. During FY26, revenue from the Japan Hotel Operation remained broadly stable at approximately HK$7,220,000 as compared with approximately HK$7,446,000 in FY25. However, the Japan Hotel Operation continued to face rising operating costs, including labour shortages, wage inflation and higher utilities and maintenance expenses, as well as intensifying competition from both local and international operators, which placed pressure on its overall profitability.

In light of the prolonged loss-making position of the Japan Hotel Operation, the Group completed the disposal of the Japan Hotel Operation in May 2026 as part of its broader strategic repositioning to streamline its asset portfolio, reduce its exposure to underperforming assets and improve overall financial flexibility. For details of the said transaction, please refer to the circular of the Company dated 24 April 2026 and the announcement of the Company dated 12 March 2026.

During FY26, the Group also expanded its hospitality-related business in the PRC by entering into a lease agreement for a hotel in Lijiang in January 2026 through Lijiang Huiyong Hotel Management Co., Ltd* (麗江暉永酒店管理有限公司), an indirect wholly-owned subsidiary of the Company (the "**Lijiang Hotel Operation**"). The Lijiang Hotel Operation commenced in February 2026 which contributed revenue of approximately HK$1,824,000 during FY26. The Lijiang hotel enables the Group to leverage its management team's extensive experience in hotel operations in a market supported by domestic tourism demand and ongoing policy support for cultural and leisure consumption in the PRC.

Looking ahead, while the tourism and hospitality market continues to recover, the operating environment remains subject to cost pressures, labour constraints and competition. The Group will continue to adopt a prudent and disciplined approach to the operation and development of its hospitality-related business, with a focus on improving operating efficiency, strengthening cost control, enhancing service quality and broadening market reach through cooperation with travel agents and online travel platforms.

Looking Forward

The Group will continue to execute its strategic repositioning following the completion of the disposal of the Chongqing Property Business in April 2025 and the disposal of the Japan Hotel Operation in May 2026. These disposals have helped reduce the Group's finance costs and overall indebtedness, thereby improving its capital structure and easing pressure on liquidity. Subject to prevailing market conditions, the Company will actively consider suitable equity fund-raising and/or debt financing opportunities with a view to further optimising the Group's gearing ratio and enhancing its financial flexibility.

For the property management business, the Group has benefited from the full-year contribution of Chengdu Doof following the completion of the acquisition of its entire equity interest in November 2024. The Group will continue to leverage its industry reputation to enhance brand awareness and influence in the property management segment, and will actively seek cooperation and partnership opportunities with other property leaders to drive business development and expand its managed portfolio.

With respect to the renovation and decoration business, management will continue to capitalise on the business foundation laid in recent years to further broaden its industry presence. Looking ahead, the Group will focus on securing renovation contracts for public projects and deepen its cooperation with local governments and related institutions in order to identify and capture new business opportunities.

In the hotel operations segment, the Group will concentrate its efforts on developing and enhancing the performance of the Lijiang Hotel Operation, which commenced operation during the year. The Group will strengthen its cooperation with local governments, travel agencies and online travel platforms to expand its customer base, improve occupancy and increase revenue contribution from this operation. The Group will continue to adopt a prudent and disciplined approach in executing its business strategies, with the objective of achieving sustainable development and creating long-term value for the Company and its shareholders as a whole.

Financial Review

Revenue, gross profit and gross profit margin from continuing operations

Revenue of the Group from continuing operations for FY26 amounted to approximately HK$94,399,000 (FY25: approximately HK$95,217,000), which comprised, income from provision of property management service, income from provision of renovation and decoration services in the PRC and income from hotel operation. The slight decrease in revenue of approximately HK$818,000 as compared to prior year was mainly due to decrease in revenue from the Group's renovation and decoration segment, offset by the increase in revenue from the provision of property management service segment.

The Group's gross profit from continuing operations for FY26 amounted to approximately HK$41,637,000, representing an year-on-year increase of approximately 169.0%, which was mainly due to effective cost control measures being imposed by the Group and a gross profit of approximately HK$29,982,000 (FY25: approximately HK$6,423,000) due to the full-year contribution from the commercial property management services during FY26.

The Group's gross profit margin from continuing operations for FY26 was approximately 44.11% (FY25: approximately 16.25%), representing an increase of 27.86 percentage points as compared to FY25. The difference was mainly due to the higher gross profit margin from the commercial property management services and the on-going strict control on costs in all business segments.

Other income and gains, net from continuing operations

The Group's other income and gains, net from continuing operations primarily include government grants.

The Group's other income and gains, net from continuing operations decreased from approximately HK$2,020,000 for FY25 to approximately HK$158,000 for FY26, which was mainly due to absence of miscellaneous income amounted to approximately HK$1,361,000 recognised in FY25.

Selling and administrative expenses from continuing operations

Selling and administrative expenses from continuing operations mainly comprised administrative expenses of approximately HK$23,893,000 (FY25: approximately HK$27,023,000).

The Group's administrative expenses decreased by approximately 11.6%, which was primarily due to the decrease in legal and professional fee in FY26.

(Provision of)/reversal of impairment loss on trade and other receivables and contract assets from continuing operations

The Group's provision of impairment loss on trade and other receivables and contract assets for FY26 was approximately HK$12,238,000 (FY25: reversal of impairment loss of approximately HK$862,000).

The increase in provision of impairment loss on trade and other receivables and contract assets was mainly due to the lengthening of the aging profile of certain customers and the Group's more prudent assessment of expected credit losses on long-outstanding balances.

Decrease in fair value of an investment property from continuing operations

The Group's decrease in fair value of an investment property from continuing operations for FY26 amounted to approximately HK$25,300,000 (FY25: approximately HK$7,560,000), representing an increase of approximately HK$17,740,000 as compared to FY25, which was mainly due to the passage of time as the remaining lease term shortened.

As the lease approaches its expiry, the projected period over which economic benefits can be derived from the property is reduced, resulting in a lower valuation notwithstanding the absence of any material adverse change in the underlying property's operating conditions.

Loss and total comprehensive loss from continuing operations for the year attributable to owners of the Company

The loss for the year from continuing operations attributable to the owners of the Company for FY26 decreased to approximately HK$67,921,000 (FY25: approximately HK$70,023,000) and the total comprehensive loss from continuing operations for FY26 attributable to owners of the Company was approximately HK$64,201,000 (FY25: approximately HK$75,113,000) which was mainly attributable to (i) finance costs amounted to approximately HK$50,233,000; and (ii) decrease in fair value of an investment property amounted to approximately HK$25,300,000.

LIQUIDITY AND CAPITAL RESOURCES

During the year ended 31 March 2026, the Group has funded its operations, working capital, capital expenditure and other capital requirements primarily from cash generated from its operations, mainly including receipt of 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 2026, the Group's negative total equity was approximately HK$606,412,000 (31 March 2025: approximately HK$1,495,286,000), representing an improvement of approximately HK$888,874,000 for FY26. This was mainly attributable to (i) completion of disposal of the entire issued share capital of Gloryear on 11 April 2025; and (ii) profit for the year attributable to owners of the Company from continuing and discontinued operations for FY26 amounted to approximately HK$396,835,000.

Cash position

As at 31 March 2026, the Group had cash and cash equivalent of approximately HK$17,009,000 (31 March 2025: approximately HK$23,422,000). Cash and bank balances are mainly denominated in RMB.

Borrowings

As at 31 March 2026, the Group's total borrowings, comprising bank and other borrowings, promissory notes and unsecured borrowings from a director, amounted to approximately HK$670,884,000 (31 March 2025: approximately HK$3,074,718,000), representing a decrease of approximately HK$2,403,834,000 as compared with 31 March 2025. The borrowings as at 31 March 2026 were denominated either in RMB or Hong Kong dollars (31 March 2025: same) and carried at interest rate of 4% to 8% per annum (31 March 2025: 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	
	2026	2025
	HK$'000	*HK$'000*
Repayable within 1 year or on demand	**–**	2,437,557
Repayable within 1 to 2 years	**670,884**	–
Repayable within 2 to 5 years	**–**	637,161
	670,884	3,074,718

Following the completion of the very substantial disposal transaction of Gloryear and its subsidiaries (the "**Disposal Group**") on 11 April 2025, the finance cost and debts of the Company have been significantly reduced which relieves the tremendous liquidity pressure of the Group to meet its financial obligations and improves the overall financial position, as well as the gearing ratio.

Net current liabilities

As at 31 March 2026, the Group's net current liabilities amounted to approximately HK$8,620,000 (31 March 2025: approximately HK$2,427,935,000).

Specifically, the Group's total current assets decreased by approximately 70.2% from approximately HK$356,997,000 as at 31 March 2025 to approximately HK$106,317,000 as at 31 March 2026. The Group's total current liabilities decreased by approximately 95.9% from approximately HK$2,784,932,000 as at 31 March 2025 to approximately HK$114,937,000 as at 31 March 2026.

The decrease in total current assets was mainly attributable to the disposal of properties held for sale of approximately HK$261,080,000 following the completion of the disposal of the Chongqing Property Business in April 2025. The decrease in total current liabilities was mainly attributable to (i) the decrease of approximately HK$1,486,055,000 and HK$135,671,000 in bank and other borrowings and tax payable respectively following the completion of the disposal of Chongqing Property Business in April 2025; (ii) waiver of interest payable related to promissory notes of approximately HK$421,482,000; and (iii) reclassification of promissory notes from non-current liabilities to current liabilities for HK$538,005,000 as at 31 March 2026.

The current ratio, representing by total current assets divided by total current liabilities, improved significantly to approximately 0.93 as at 31 March 2026 from approximately 0.13 as at 31 March 2025, which was primarily due to completion of the very substantial disposal of the Disposal Group on 11 April 2025.

The Group's gearing ratio, representing by total borrowings divided by total equity, was approximately negative 1.11 as at 31 March 2026 (31 March 2025: approximately negative 2.06).

The Directors have prepared a 18-month cashflow forecast from the year ended 31 March 2026 which has considered the following plans and measures:

(a) The Group entered into agreement with China JinNiu Group Limited, a company wholly owned by Mr. Hu to dispose of its hotel business operating in Japan to offset the promissory notes to the extent of approximately HK$104,000,000, aiming to reduce finance costs and less reliance of interest-bearing borrowings. Details of the disposal are set out in note 20(c).

(b) The Group entered into a subscription agreement with Mr. Hu, Duofu Holdings Group Co. Limited and Total Idea International Limited which were also wholly owned by Mr. Hu for issue of convertible bonds to offset the promissory notes to the extent of approximately HK$461,787,000 and the unsecured borrowings from a director of approximately HK$14,889,000 and other borrowings of approximately HK$117,588,000, aiming to reduce finance costs and less reliance of interest-bearing borrowings. Details of the subscription are set out in note 20(b).

(c) Mr. Hu, has committed to provide financial support to the Group and Mr. Hu and Duofu Holdings Group Co. Limited, a company wholly owned by Mr. Hu, committed not to recall any loan granted to the Group upon their maturity until the Group has the ability to repay. As at 31 March 2026, the undrawn unsecured revolving loan facility granted by Mr. Hu amounted to approximately HK$96,966,000 (Note 15(ii)).

(d) The Group continues to improve the operating efficiency by implementing measures to tighten cost controls over various operating expenses in order to enhance its ability to improve profitability and the cash flow from its operations in future.

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 18 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.

Pledge on assets and contingent liabilities

As at 31 March 2026, none of the Group's assets was pledged to secure the borrowings granted to the Group.

Save as disclosed herein, as at 31 March 2026, the Group had no material contingent liabilities.

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 2026, the Group had capital commitment of approximately HK$nil in relation to the signing of contracts which is being or will be performed (31 March 2025: approximately HK$4,017,000).

HUMAN RESOURCES AND REMUNERATION POLICY

As at 31 March 2026, the Group had a total workforce of 194 (31 March 2025: 261). The total staff cost from continuing operations, including Directors' emoluments and mandatory provident fund contributions, amounted to approximately HK$27,288,000 for FY26 (FY25: approximately HK$29,572,000). 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 (the "**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 2025 and 31 March 2026, 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 2025 and 31 March 2026.

For each of the two years ended 31 March 2025 and 31 March 2026, the Group did not have any defined benefit plan.

SIGNIFICANT INVESTMENTS HELD

Except for the Company's investment in various subsidiaries, the Company did not hold any significant investments as at 31 March 2026.

FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Company currently does not have any future plans for material investments or capital assets, other than that in the Group's ordinary business.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Disposal of Gloryear

Reference is made to the announcements of the Company dated 6 February 2025 and 11 April 2025 and the circular of the Company dated 18 March 2025.

The Company entered into a conditional sale and purchase agreement on 6 February 2025 to dispose of Gloryear Investments Limited and its subsidiaries (collectively referred to as "**the Target Group**"), which represents its entire property business in Chongqing, China, together with an assignment of the outstanding shareholder's loan (referred to as the sale loan) of approximately HK$361.7 million owed by the target company to the Group. The purchaser is China JinNiu Group Limited, a company wholly owned by Mr. Hu Xingrong ("**Mr. Hu**"). The promissory note holder is Total Idea International Limited, also wholly owned by Mr. Hu, and the guarantor is Mr. Hu himself, who serves as the chairman, an executive director and the controlling shareholder of the Company.

The total cash consideration is HK$1, payable upon completion. In connection with the disposal, Mr. Hu procured the waiver of approximately HK$421 million in accrued interest on the outstanding promissory notes, as well as all interest accrued from 1 October 2024 until the completion date. In addition, the maturity date of the outstanding promissory notes are extended to 31 December 2027. The disposal was completed on 11 April 2025.

Disposal of Japan Hotel

Reference is also made to the announcement of the Company dated 12 March 2026 and the circular of the Company dated 24 April 2026.

On 12 March 2026, the Company entered into a conditional sale and purchase agreement to dispose of 100% equity of Decent Start Limited (which holds a hotel located in Yoichi, Hokkaido, Japan). The purchaser, China JinNiu Group Limited, is ultimately controlled by Mr. Hu. As such, the transaction constitutes a connected transaction under the Listing Rules. The aggregate consideration was HK$104,000,000, comprising HK$88,500,000 for the sale share and HK$15,500,000 for the sale loan. The consideration was satisfied in full by the purchaser procuring the holder of the outstanding promissory note to set off the outstanding principal amount of the promissory note against an amount equal to the consideration at completion, whereupon the relevant promissory note was cancelled accordingly. As the holder of the promissory note is Mr. Hu, the transaction was a connected transaction requiring independent shareholders' approval, which was obtained on 15 May 2026. In addition, as part of the transaction, the promissory note holder agreed to waive the interest accrued on the outstanding promissory note with principal amount of HK$104 million from 12 April 2025 to the date of completion. Upon completion, the outstanding principal amount of the promissory notes was reduced from HK$552 million to HK$448 million. The estimated gain on disposal was approximately HK$82 million. The transaction was completed in May 2026.

Save as disclosed above, there were no other material acquisitions and disposal of subsidiaries, associates or joint ventures by the Group during FY26.

CAPITAL STRUCTURE

There has been no change in the capital structure of the Group during FY26. The capital of the Group only comprises ordinary shares.

On 26 May 2026, the Company effected a capital reorganisation, approved by a special resolution passed at the SGM on 21 May 2026, whereby each issued share was reduced from HK$0.50 to HK$0.10 par value (reducing issued share capital from HK$323,599,000 to HK$64,719,000) and each unissued share of HK$0.50 was subdivided into five new shares of HK$0.10 par (resulting in authorised share capital of HK$500,000,000 divided into 5,000,000,000 new shares); the credit from the share premium reduction was transferred to the contribution surplus account, which may be used to offset accumulated losses or as otherwise permitted. Details are set out in the announcement of the Company dated 25 March 2026 and the circular of the Company dated 30 April 2026.

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 2026. 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 2026.

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 2026.

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 FY26. 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 2026.

SUBSEQUENT EVENTS

(a) Issuance of convertible bonds

On 25 March 2026, the Group entered into a subscription agreement (the "**Subscription Agreement**") for the issue of convertible bonds in the aggregate principal amount of HK$594,264,000 at a coupon rate of 2% per annum maturing on 31 December 2029 (the "**Convertible Bonds**"), convertible into not more than 1,485,660,000 conversion shares.

The consideration of the subscription of the Convertible Bonds, which is equivalent to the entire principal amount of the Convertible Bonds, shall be settled and discharged by Total Idea International Limited (the "**First Subscriber**"), Duofu Holdings Group Co., Limited (the "**Second Subscriber**") and Mr. Hu Xingrong (the "**Third Subscriber**") by setting off (i) the then outstanding principal amount and the accrued interest in the sum of HK$461,787,000 of the Promissory Note due from the Company to the First Subscriber up to 28 February 2026, (ii) the principal amount of HK$100,000,000 and the accrued interest of HK$17,588,000 of an unsecured revolving loan due from a subsidiary of the Company to the Second Subscriber up to 28 February 2026 (i.e. HK$117,588,000) and (iii) the principal amount of HK$1,127,000 and the accrued interest of HK$13,762,000 of an unsecured revolving loan due from a subsidiary of the Company to the Third Subscriber up to 28 February 2026 (i.e. HK$14,889,000). Details are set out in the announcement of the Company dated 25 March 2026 and the circular of the Company dated 30 April 2026. The issuance was completed in June 2026.

(b) Disposal of Japan hotel

On 12 March 2026, the Group entered into a conditional sale and purchase agreement to dispose of 100% equity of Decent Start Limited (which holds a hotel located in Yoichi, Hokkaido, Japan). The purchaser, China JinNiu Group Limited, is ultimately controlled by the Group's controlling shareholder and chairman, Mr. Hu Xingrong. As such, the transaction constitutes a connected transaction under the Listing Rules. The aggregate consideration was HK$104,000,000, comprising HK$88,500,000 for the sale share and HK$15,500,000 for the sale loan. The consideration was satisfied in full by the purchaser procuring the holder of the outstanding promissory note to set off the outstanding principal amount of the promissory note against an amount equal to the consideration at completion, whereupon the relevant promissory note was cancelled accordingly. As the holder of the promissory note is Mr. Hu Xingrong (the controlling shareholder), the transaction was a connected transaction requiring independent shareholders' approval, which was obtained on 15 May 2026. In addition, as part of the transaction, the promissory note holder agreed to waive the interest accrued on the outstanding promissory note with principal amount of HK$104 million from 12 April 2025 to the date of completion. Upon completion, the outstanding principal amount of the promissory notes was reduced from HK$552 million to HK$448 million. The estimated gain on disposal was approximately HK$82 million. Details are set out in the announcement of the Company dated 12 March 2026 and the circular of the Company dated 24 April 2026. The transaction was completed in May 2026.

(c) Capital reorganisation

On 26 May 2026, the Company effected a capital reorganisation, approved by a special resolution passed at the SGM on 21 May 2026, whereby each issued share was reduced from HK$0.50 to HK$0.10 par value (reducing issued share capital from HK$323,599,000 to HK$64,719,000) and each unissued share of HK$0.50 was subdivided into five new shares of HK$0.10 par (resulting in authorised share capital of HK$500,000,000 divided into 5,000,000,000 new shares); the credit from the share premium reduction was transferred to the contribution surplus account, which may be used to offset accumulated losses or as otherwise permitted. Details are set out in the announcement of the Company dated 25 March 2026 and the circular of the Company dated 30 April 2026.

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 2026 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, 30 June 2026

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