MAN SANG INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 938)

Website: http://www.man-sang.com

ANNUAL RESULTS ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

	For the year ended 31 March		(Decrease)/Increase	
	2012	2011		
	HK$'000	*HK$'000*	*HK$'000*	*Percentage*
Revenue	**370,236**	401,854	(31,618)	-7.9%
Profit attributable to equity holders of the Company	**56,024**	54,753	1,271	+2.3%
	HK cents per share			
Basic earnings per share	**4.51**	4.46		
Diluted earnings per share	**4.47**	4.38		
Dividend per share				
— Interim	**3.00**	—		
— Proposed final	**2.00**	—		
— Proposed special	**20.00**	—		
	25.00	—		

RESULTS

The board of directors (the "Directors" or 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 2012, together with the comparative figures for the previous year, as follows:

Consolidated Income Statement
For the year ended 31 March

	Note	**2012** *HK$'000*	2011 *HK$'000*
Revenue	*3*	**370,236**	401,854
Cost of sales	*7*	**(213,086)**	(262,448)
Gross profit		**157,150**	139,406
Other income	*5*	**4,347**	1,468
Other gains — net	*6*	**16,669**	36,043
Selling expenses	*7*	**(15,173)**	(14,834)
Administrative expenses	*7*	**(84,865)**	(92,116)
Increase in fair values of investment properties and investment properties under construction		**40,400**	18,612
Operating profit		**118,528**	88,579
Finance income		**12,567**	5,014
Finance costs		**(8,882)**	(1,182)
Finance income — net		**3,685**	3,832
Share of (loss)/profit of an associate		**(4)**	15
Profit before income tax		**122,209**	92,426
Income tax expense	*8*	**(40,030)**	(28,518)
Profit for the year		**82,179**	63,908
Attributable to:			
Equity holders of the Company		**56,024**	54,753
Non-controlling interests		**26,155**	9,155
		82,179	63,908
Earnings per share attributable to equity holders of the Company	*10*		
Basic		**4.51 cents**	4.46 cents
Diluted		**4.47 cents**	4.38 cents

Details of dividend to the equity holders of the Company are set out in note 9 to this announcement.

Consolidated Statement of Comprehensive Income
For the year ended 31 March

	2012	2011
	HK$'000	*HK$'000*
Profit for the year	**82,179**	63,908
Other comprehensive income:		
Exchange difference on translation of foreign operations	**25,384**	35,070
Change in deferred income tax liabilities in relation to increase in fair value of leasehold land and buildings arising from tax rate change	**(111)**	(199)
Increase in fair value of leasehold land and buildings, net of deferred income tax	**6,420**	10,711
Other comprehensive income for the year	**31,693**	45,582
Total comprehensive income for the year, net of tax	**113,872**	109,490
Attributable to:		
Equity holders of the Company	**79,146**	88,317
Non-controlling interests	**34,726**	21,173
	113,872	109,490

Consolidated Balance Sheet

As at 31 March

	Note	2012 HK$'000	2011 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties		**869,590**	847,257
Investment properties under construction		**61,278**	61,741
Property, plant and equipment		**120,342**	117,736
Prepaid lease payments		**5,874**	8,024
Prepayments		**2,724**	—
Investment in an associate		**121**	121
Deferred income tax assets		**908**	1,126
		1,060,837	1,036,005
Current assets			
Inventories		**71,156**	52,104
Properties under development		**51,038**	36,711
Completed properties held for sale		**263,420**	206,743
Investment properties under construction held for sale		**7,602**	—
Trade and other receivables	*11*	**267,503**	134,835
Financial assets at fair value through profit or loss		**45,435**	30,540
Current income tax recoverable		**991**	4,794
Cash and cash equivalents		**605,099**	606,806
		1,312,244	1,072,533
Current liabilities			
Trade and other payables	*12*	**505,464**	463,042
Current income tax liabilities		**116,800**	103,606
Borrowings		**36,900**	23,800
Amount due to an associate		**2,032**	1,492
		661,196	591,940
Net current assets		**651,048**	480,593
Total assets less current liabilities		**1,711,885**	1,516,598
Non-current liabilities			
Deferred income tax liabilities		**107,739**	88,183
Borrowings		**147,600**	71,400
		255,339	159,583
Net assets		**1,456,546**	1,357,015

	Note	2012 HK$'000	2011 HK$'000
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**126,434**	122,709
Reserves			
— Proposed dividend	*9*	**279,475**	—
— Others		**884,308**	1,102,703
		1,290,217	1,225,412
Non-controlling interests		**166,329**	131,603
Total equity		**1,456,546**	1,357,015

Notes:

1. BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"), which include all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong, disclosure requirements of the Hong Kong Companies Ordinance and applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Main Board Listing Rules").

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, investment properties, investment properties under construction, and leasehold land and buildings, which are carried at fair values. These policies have consistently been applied to all the years presented unless otherwise stated.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(a) Amended standards and interpretations adopted by the Group

The following new amendments to standards are mandatory for the first time for the financial year beginning 1 April 2011:

HKAS 24 (Revised)	Related party transactions
HKAS 27 (Amendment)	Consolidated and separate financial statements
HKAS 34 (Amendment)	Interim financial reporting
HKFRS 3 (Amendment)	Business combinations
HKFRS 7 (Amendment)	Financial instruments: Disclosures

(b) New standards and amendments to standards have been issued but are not effective for the financial year beginning on 1 April 2011 and have not been early adopted:

		Effective for annual periods beginning on or after
HKAS 1 (Amendment)	Presentation of financial statements	1 July 2012
HKAS 12 (Amendment)	Deferred tax: Recovery of underlying assets	1 January 2012
HKAS 19 (Amendment)	Employee benefits	1 January 2013
HKAS 27 (revised 2011)	Separate financial statements	1 January 2013
HKAS 28 (revised 2011)	Associates and joint ventures	1 January 2013
HKAS 32 (Amendment)	Offsetting financial assets and financial liabilities	1 January 2014
HKFRS 7 and HKFRS 9 (Amendment)	Mandatory effective date and transition disclosures	1 January 2015
HKFRS 9	Financial instruments	1 January 2015
HKFRS 10	Consolidated financial statements	1 January 2013
HKFRS 11	Joint arrangements	1 January 2013
HKFRS 12	Disclosures of interests in other entities	1 January 2013
HKFRS 13	Fair value measurements	1 January 2013

The Group is in the process of making an assessment on the impact of these new standards, amendments and interpretations and does not anticipate that the adoption will result in any material impact on the Group's results of operations and financial position.

The Group intends to adopt the above new standards and amendments to standards when they become effective.

3. REVENUE

Revenue represents (i) the amounts received and receivable from customers in respect of goods sold less returns and allowances (ii) the proceeds from the sale of properties during the year and (iii) the amounts received and receivable in respect of leasing of investment properties.

	2012	2011
	HK$'000	*HK$'000*
Sales of pearls and jewellery	**300,024**	284,160
Sales of properties	**32,768**	86,373
Rental income	**37,444**	31,321
	370,236	401,854

4. SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the executive directors that are used to make strategic decisions.

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

(i) Pearls and jewellery — Purchasing, processing, assembling, merchandising, wholesale distribution of pearls and jewellery products.

(ii) Property development and investment — Development, sales and leasing of properties.

Segment information about these businesses is presented below:

For the year ended 31 March 2012

	Pearls and jewellery *HK$'000*	Property development and investment *HK$'000*	Total *HK$'000*
Profit and loss items			
Segment revenue	**300,024**	**71,333**	**371,357**
Inter-segment revenue	**—**	**(1,121)**	**(1,121)**
Revenue from external customers	**300,024**	**70,212**	**370,236**
Segment operating profit	**40,678**	**98,282**	**138,960**
Finance income	**1,889**	**9,084**	**10,973**
Finance costs	**—**	**(8,882)**	**(8,882)**
Share of loss of an associate	**—**	**(4)**	**(4)**
Segment profit before income tax	**42,567**	**98,480**	**141,047**
Income tax expenses	**(3,358)**	**(35,732)**	**(39,090)**
Segment profit for the year	**39,209**	**62,748**	**101,957**
As at 31 March 2012			
Balance sheet items			
Total segment assets	**339,145**	**1,681,128**	**2,020,273**
Total segment assets include:			
Investment in an associate	**—**	**121**	**121**
Additions to non-current assets (other than deferred income tax assets)	**2,252**	**6,510**	**8,762**
Total segment liabilities	**42,884**	**870,999**	**913,883**
Other information:			
Depreciation	**(4,494)**	**(3,668)**	**(8,162)**
Amortisation	**—**	**(2,328)**	**(2,328)**
Increase in fair values of investment properties and investment properties under construction	**—**	**40,400**	**40,400**
Gain on disposals of investment properties	**—**	**15,158**	**15,158**
Gain on disposals of property, plant and equipment	**41**	**92**	**133**
Reversal of impairment of trade and other receivables	**7,918**	**10,422**	**18,340**
Reversal of provision for inventory obsolescence	**7,800**	**—**	**7,800**

For the year ended 31 March 2011

	Pearls and jewellery *HK$'000*	Property development and investment *HK$'000*	Total *HK$'000*
Profit and loss items			
Segment revenue	284,160	118,699	402,859
Inter-segment revenue	—	(1,005)	(1,005)
Revenue from external customers	284,160	117,694	401,854
Segment operating profit	29,234	55,652	84,886
Finance income	3,106	1,906	5,012
Finance costs	(1,061)	(121)	(1,182)
Share of profit of an associate	—	15	15
Segment profit before income tax	31,279	57,452	88,731
Income tax expenses	(2,318)	(25,231)	(27,549)
Segment profit for the year	28,961	32,221	61,182
As at 31 March 2011			
Balance sheet items			
Total segment assets	612,092	1,431,371	2,043,463
Total segment assets include:			
Investment in an associate	—	121	121
Additions to non-current assets (other than deferred income tax assets)	3,619	20,361	23,980
Total segment liabilities	44,733	705,903	750,636
Other information:			
Depreciation	(7,157)	(2,252)	(9,409)
Amortisation	—	(2,318)	(2,318)
Increase in fair values of investment properties and investment properties under construction	—	18,612	18,612
Gain on disposals of investment properties	—	23,830	23,830
(Loss)/Gain on disposals of property, plant and equipment	(1,167)	6	(1,161)
(Provision for)/Reversal of impairment of trade and other receivables	(5,940)	1,725	(4,215)
Reversal of provision for inventory obsolescence	16,300	—	16,300

A reconciliation of the reportable segments' profit before income tax to the Group's profit before income tax is as follows:

	2012	2011
	HK$'000	*HK$'000*
Total profit before income tax for reportable segments	**141,047**	88,731
Fair value change in financial assets at fair value through profit or loss	**(3,804)**	6,643
Dividend income	**1,957**	1,468
Share options expenses	**(12,761)**	(2,360)
Corporate finance income	**1,594**	2
Corporate expenses	**(5,824)**	(2,058)
Profit before income tax of the Group	**122,209**	92,426

A reconciliation of the reportable segments' assets to the Group's total assets is as follows:

	2012	2011
	HK$'000	*HK$'000*
Total for reportable segments	**2,020,273**	2,043,463
Unallocated:		
Corporate assets	**306,382**	34,535
Financial assets at fair value through profit or loss	**45,435**	30,540
Current income tax recoverable	**991**	—
Total assets of the Group	**2,373,081**	2,108,538

A reconciliation of the reportable segments' liabilities to the Group's total liabilities is as follows:

	2012	2011
	HK$'000	*HK$'000*
Total for reportable segments	**913,883**	750,636
Unallocated:		
Corporate liabilities	**1,713**	353
Current income tax liabilities	**939**	534
Total liabilities of the Group	**916,535**	751,523

The Company is domiciled in Hong Kong. The Group's revenue from external customers derived from Hong Kong and places other than Hong Kong are HK$15,644,000 (2011: HK$17,492,000) and HK$354,592,000 (2011: HK$384,362,000) respectively.

The Group's two operating segments operate in the main geographical areas and of which the revenues are disclosed as follows:

	2012	2011
	HK$'000	*HK$'000*
Europe	**150,464**	149,987
Mainland China (excluding Hong Kong)	**67,595**	115,669
Hong Kong	**15,644**	17,492
North America	**76,991**	72,697
Other Asian countries	**50,506**	38,415
Others	**9,036**	7,594
	370,236	401,854

The total non-current assets excluding investment in an associate and deferred income tax assets located in Hong Kong and places other than Hong Kong are HK$187,838,000 (2011: HK$183,159,000) and HK$871,970,000 (2011: HK$851,599,000) respectively.

For the year ended 31 March 2012, revenue of approximately HK$54,211,000, HK$38,383,000 and HK$37,951,000 (2011: HK$55,971,000, HK$34,055,000 and HK$30,830,000) were derived from three individual customers in the pearls and jewellery segment.

5. OTHER INCOME

	2012	2011
	HK$'000	*HK$'000*
Dividend income from financial assets at fair value through profit or loss	**1,957**	1,468
Others	**2,390**	—
	4,347	1,468

6. OTHER GAINS — NET

	2012	2011
	HK$'000	*HK$'000*
Exchange losses	**(1,713)**	(536)
Fair value change in financial assets at fair value through profit or loss	**(3,804)**	6,643
Gain on disposals of investment properties	**15,158**	23,830
Gain/(Loss) on disposals of property, plant and equipment	**133**	(1,161)
Others	**6,895**	7,267
	16,669	36,043

7. EXPENSES BY NATURE

	2012	2011
	HK$'000	*HK$'000*
Costs of inventories and completed properties for sales	**174,331**	238,312
Employee benefit expenses (including directors' emoluments)	**83,075**	74,528
Auditor's remuneration	**1,800**	1,856
Share option expenses for consultancy services	**11,316**	—
Depreciation of property, plant and equipment	**8,162**	9,409
Amortisation of prepaid lease payments	**2,328**	2,318
(Reversal of)/Provision for impairment of trade and other receivables *(note a)*	**(18,340)**	4,215
Reversal of provision for inventory obsolescence *(note b)*	**(7,800)**	(16,300)
Operating lease rental on rented premises	**8,819**	10,355
Others	**49,433**	44,705
Total cost of sales, selling and administrative expenses	**313,124**	369,398

Note:

(a) The reversal of provision for impairment of trade and other receivables relates to repayment of aged debts recovered from customers during the year.

(b) The reversal of provision for inventory obsolescence relates to old-aged inventories sold during the year but was provided for in prior years.

8. INCOME TAX EXPENSE

	2012	2011
	HK$'000	*HK$'000*
Current income tax:		
Hong Kong profits tax	**3,652**	2,606
PRC enterprise income tax	**17,645**	15,908
PRC land appreciation tax	**5,323**	11,844
	26,620	30,358
Under/(over)-provision in prior year:		
Hong Kong profits tax	**(380)**	(297)
PRC enterprise income tax	**930**	—
PRC land appreciation tax	**(4,228)**	—
	(3,678)	(297)
Deferred income tax:		
Net charge/(credit) to current year	**16,862**	(2,694)
Attributable to change in tax rate	**226**	1,151
	17,088	(1,543)
	40,030	28,518

Hong Kong profits tax has been provided at a rate of 16.5% (2011: 16.5%) on the estimated assessable profits for the year.

The PRC enterprise income tax in respect of operations in Mainland China is calculated at the applicable tax rates on the estimated assessable profits for the year based on existing legislation, interpretations and practices in respect thereof.

PRC land appreciation tax is levied and provided for in the consolidated financial statements at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including cost of land use rights and all property expenditures.

9. DIVIDEND

	2012	2011
	HK$'000	*HK$'000*
Interim dividend — 3 HK cents (2011: Nil) per share	**37,852**	—
Proposed final dividend — 2 HK cents (2011: Nil) per share	**25,407**	—
Proposed special dividend — 20 HK cents (2011: Nil) per share	**254,068**	—
	317,327	—

The dividend paid during the year ended 31 March 2012 was HK$37,852,000 (2011: Nil). A final dividend in respect of the year ended 31 March 2012 of 2 HK cents per share, amounting to approximately HK$25,407,000, and a special dividend of 20 HK cents, amounting to approximately HK$254,068,000 is to be proposed at the annual general meeting on 17 August 2012. These financial statements do not reflect this dividend payable.

10. EARNINGS PER SHARE

The calculation of the basic earnings per share amount is based on the profit for the year attributable to equity holders of the Company of approximately HK$56,024,000 (2011: HK$54,753,000) and the weighted average number of 1,242,012,000 (2011: 1,226,642,000) ordinary shares in issue during the year.

The calculation of diluted earnings per share amount for the year is based on the profit for the year attributable to equity holders of the Company of approximately HK$56,024,000 (2011: HK$54,753,000) and 1,254,404,000 (2011: 1,250,223,000) ordinary shares, which represented the weighted average number of 1,242,012,000 (2011: 1,226,642,000) ordinary shares in issue during the year and the weighted average number of 12,392,000 (2011: 23,581,000) ordinary shares deemed to have been issued at no consideration on the deemed exercise of all the outstanding share options during the year.

11. TRADE AND OTHER RECEIVABLES

	2012	2011
	HK$'000	*HK$'000*
Trade receivables	**84,356**	107,598
Less: provision for impairment of trade receivables	**(29,060)**	(60,002)
Trade receivables — net	**55,296**	47,596
Deposits, prepayments and other receivables	**89,207**	87,239
Advance of entrusted loan *(note)*	**123,000**	—
	267,503	134,835

Note: During the year ended 31 March 2012, the Group granted a loan of RMB100,000,000 (the "Entrusted Loan"), equivalent to HK$123,000,000, through an entrusted loan arrangement with a PRC bank to independent third parties. The Entrusted Loan was interest-bearing at 24% per annum and was subsequently settled in full on 27 April 2012.

The Group grants an average credit period of 60 days to its customers. The carrying amounts of the trade and other receivables approximate their fair values as these financial assets, which are measured at amortised cost, are expected to be paid within a short period of time, such that the impact of the time value of money is not significant.

At each balance sheet date, the recoverability of the Group's trade receivables due from individual customers are assessed based on the credit history of its customers, their financial conditions and current market conditions. Consequently, specific impairment provision is recognised.

The Group has provided fully for all receivables where recovery of the amounts is remote, unless the Group has determined that such balances are not recoverable, in which case the impairment loss is directly written off against the corresponding trade receivables. Based on past experience and the Group's assessment, the management believes that no impairment provision is necessary in respect of the remaining balances as there had not been a significant change in credit quality of such receivables and the balances are considered fully recoverable.

Movements in the provision for impairment of trade receivables are as follows:

	2012	2011
	HK$'000	*HK$'000*
At beginning of the year	**60,002**	54,709
Exchange differences	**612**	1,322
(Reversal of)/Provision for impairment losses	**(18,340)**	4,215
Amounts written off as uncollectible	**(13,214)**	(244)
At end of the year	**29,060**	60,002

Included in trade and other receivables of the Group are trade receivables of HK$84,356,000 (2011: HK$107,598,000) and their ageing analysis is as follows:

	2012	2011
	HK$'000	*HK$'000*
Not past due	**15,574**	23,122
1 to 60 days past due	**21,734**	20,789
61 to 120 days past due	**11,062**	7,844
More than 120 days past due	**35,986**	55,843
	84,356	107,598

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

As of 31 March 2012, trade receivables of HK$40,727,000 (2011: HK$31,053,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. Based on past experience, management believes that no impairment provision is necessary in respect of these balances as there has not been a significant change in credit quality of these receivables and the balances are still considered fully recoverable. The ageing analysis of these trade receivables is as follows:

	2012	2011
	HK$'000	*HK$'000*
1 to 60 days past due	**21,734**	20,484
61 to 120 days past due	**9,462**	5,872
More than 120 days past due	**9,531**	4,697
	40,727	31,053

As of 31 March 2012, trade receivables of HK$29,060,000 (2011: HK$60,002,000) were impaired and provided for. The individually impaired receivables mainly relate to customers which are in unexpectedly difficult economic situations. The ageing analysis of these receivables is as follows:

	2012	2011
	HK$'000	*HK$'000*
Not past due	**1,005**	6,579
1 to 60 days past due	**—**	305
61 to 120 days past due	**1,600**	1,972
More than 120 days past due	**26,455**	51,146
	29,060	60,002

12. TRADE AND OTHER PAYABLES

	2012	2011
	HK$'000	*HK$'000*
Trade payables	**16,040**	22,096
Loans from minority shareholders *(note)*	**114,696**	114,696
Advance receipts from customers	**109,101**	79,469
Advance receipt with respect to disposal of investment properties under construction	**16,915**	—
Other accruals and other payables	**248,712**	246,781
	505,464	463,042

Note: The loans from minority shareholders are interest-free, unsecured and have no fixed repayment terms.

The ageing analysis of trade payables is as follows:

	2012	2011
	HK$'000	*HK$'000*
0 to 60 days past due	**15,355**	19,662
61 to 120 days past due	**49**	369
More than 120 days past due	**636**	2,065
	16,040	22,096

13. EVENTS AFTER THE BALANCE SHEET DATE

(a) In March 2012, the Group entered into an agreement in relation to the disposal of certain investment properties under construction located in the PRC with carrying amount of RMB6,181,000 (equivalent to HK$7,602,000) for a consideration of RMB13,752,000 (equivalent to HK$16,915,000) which was settled in March 2012. The transaction was subsequently completed in May 2012. As at 31 March 2012, the investment properties under construction held for sale was classified as current asset.

(b) In April 2012, the Group entered into an agreement with a PRC bank, pursuant to which the Group agreed to pledge certain investment properties with carrying amount of RMB20,530,000 (equivalent to HK$25,252,000) to the PRC bank to secure a loan granted by the PRC bank to a third party. The fair values of the pledged investment properties approximate their carrying amounts.

SCOPE OF WORK OF THE GROUP'S AUDITOR

The figures in this preliminary announcement of the Group's result for the year ended 31 March 2012 have been agreed by the Group's auditor, PricewaterhouseCoopers ("PwC") to the amounts set out in the Group's consolidated financial statements for the year. The work performed by PwC 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 PwC for this announcement.

DIVIDENDS

The Board recommended the payment of a final dividend of 2 HK cents per ordinary share and a special dividend of 20 HK cents to shareholders whose names appear on the register of members on 27 August 2012. The said final and special dividends, subject to the approval of shareholders at the forthcoming annual general meeting to be held on 17 August 2012, will be paid on 3 September 2012.

An interim dividend of 3 HK cents per ordinary share was declared for the six months ended 30 September 2011.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed during the following periods:

(i) from Wednesday, 15 August 2012 to Friday, 17 August 2012 (both days inclusive), for the purpose of determining shareholders' entitlement to attend and vote at the forthcoming annual general meeting, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the forthcoming annual general meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 14 August 2012; and

(ii) from Thursday, 23 August 2012 to Monday, 27 August 2012 (both days inclusive) for the purpose of determining shareholders' entitlement to the proposed final and special dividends, during which period no transfer of shares will be registered. In order to qualify for the proposed final and special dividends, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at address as set out in sub-paragraph (i) above not later than 4:30 p.m. on Wednesday, 22 August 2012.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Friday, 17 August 2012, notice of which will be published on the website of the Company (www.man-sang.com) and the designated issuer website of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (www.hkexnews.hk), and despatched to shareholders of the Company accordingly.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Overview

The sovereign debt crisis in Europe, regulatory pressure on banks and the potential of a hard landing for the Chinese economy have resulted in a fragile recovery for the world economy. The recent worries about Greece's possible departure from the Euro zone has worsened the region's debt crisis and further impaired the already delicate global economy.

Pearls and Jewellery Operation

Notwithstanding the unfavourable circumstances around the globe, the revenue of the Group generated from the pearls and jewellery operation continues to grow as a result of the Group's persistency in improvisation of product designs and quality of the products that are being offered to the Group's customers. However, due to the increase in material costs and labour costs in the People's Republic of China ("PRC"), the gross profit margin from this sector has slightly decreased during the current year. The Group will continue to undergo the stringent cost control measures, such as re-engineering and consolidation of production workflow and strengthening the production capabilities, to mitigate the continuous escalating production costs in the PRC.

Property Development and Investment Operation

During the year ended 31 March 2012 ("FY12"), the Chinese government continued to interfere with the property market by implementing various controlling measures to control the property price. The revenue from sales of properties in the China Pearls and Jewellery City ("CP&J City") decreased as a result of the cooling measures introduced by the PRC government. Notwithstanding this, the Group's rental income has recorded double-digit growth as a result of the shift of focus to the leasing of properties in the CP&J City.

Recent Development

The Directors have been actively seeking other suitable business opportunities in order to diversify the existing business of the Group with a view to achieving significant growth potential. The Board considers that the demand for the financing business in Hong Kong and the PRC is significant and such financing business will be able to provide a steady income stream to the Group.

During the year, the Group had entered into a set of agreements to acquire a micro credit business located in Guangzhou, the PRC. However, as certain conditions precedent contained in the agreements have not been fulfilled, the proposed acquisition was terminated subsequent to year end. The Company will continue to explore other opportunities in the financing business in Hong Kong and the PRC in order to maximise the shareholders' return.

Financial Review

The Group has two main business segments: (i) purchasing, processing, assembling, merchandising and wholesale distribution of pearls and jewellery products (the "Pearl and Jewellery Segment"); and (ii) property development and investment (the "Property Development and Investment Segment").

Revenue and Gross Profit

Pearl and Jewellery Segment

Net sales attributable to the Pearl and Jewellery Segment increased by HK$15.8 million or 5.6% from HK$284.2 million for the year ended 31 March 2011 ("FY11") to HK$300.0 million for FY12. The growth was primarily attributable to an increase in net sales of saltwater pearls. Saltwater pearls contributed HK$79.0 million (FY11: HK$62.7 million) to the Group's net sales in FY12, representing an increase of HK$16.3 million from FY11. They also accounted for 26.3% of total net sales to this segment in FY12 as compared to 22.1% in FY11. The increase was mainly due to the surge in demand of saltwater pearls in many new product designs in response to the request from our customers.

Assembled jewellery continues to contribute the most to the Group's net sales in FY12 and recorded net sales of HK$213.9 million (FY11: HK$208.1 million) in FY12, which accounted for 71.3% (FY11: 73.2%) of the total net sales to this segment.

During the year under review, Europe was the Group's largest market, in which net sales slightly increased by 0.3% to HK$150.5 million (FY11: HK$150.0 million) notwithstanding the current debt crisis in the Euro zone during FY12. Net sales in North America and other Asian countries were HK$77.0 million and HK$50.5 million respectively, which both achieved positive growths of 5.9% and 31.5% respectively, as compared to FY11. It showed an encouraging sign of demand in jewellery products in these regions of Pacific Rim.

Gross profit decreased by HK$1.4 million or 1.2% to HK$113.1 million (FY11: HK$114.5 million) in FY12, and that the gross profit margin also decreased by 2.6% to 37.7 % (FY11: 40.3%) in FY12 due to a surge in cost of materials, such as precious metals and diamonds, and also due to an increase in labour costs in the PRC. The Group takes active measures to control costs by way of flexible purchasing strategy and optimising the production efficiency.

Property Development and Investment Segment

Revenue from the Property Development and Investment Segment was HK$70.2 million (FY11: HK$117.7 million) during FY12, which comprised sales of properties of HK$32.8 million (FY11: HK$86.4 million) and rental income of HK$37.4 million (FY11: HK$31.3 million). CP&J City continues to contribute the most to the performance in the Property Development and Investment Segment, which accounted for 83.5% (FY11: 91.9%) of total revenue of this segment in FY12.

The revenue from sales of properties mainly represented the sales of completed apartments in CP&J City which were launched for sale since 2010. The revenue from sales of properties decreased by HK$53.6 million or 62.0% as a result of the cooling measures introduced by the PRC government to control the overheating of properties market in the PRC. Rental income increased by HK$6.1 million or 19.5% which was primarily due to the increase in monthly rentals and the number of units leased in CP&J City during FY12.

Gross profit attributable to the Property Development and Investment Segment increased by HK$19.2 million or 77.1% to HK$44.1 million (FY11: HK$24.9 million) in FY12. The increase was mainly attributable to the effect of the promotional sales arrangement which the Group sold certain units to purchasers at discounts. No property was sold under such arrangement during FY12, which improved the gross profit and also the gross profit margin significantly. The gross profit margin rebounded by 41.6 percentage points to 62.8% (FY11: 21.2%) for the same reason.

Selling and Administrative Expenses (the "S&A expenses")

S&A expenses mainly comprised selling expenses of HK$15.2 million (FY11: HK$14.8 million) and administrative expenses of HK$84.9 million (FY11: HK$92.1 million). S&A expenses decreased by HK$6.8 million or 6.4% to HK$100.1 million (FY11: HK$106.9 million) in FY12 primarily due to the reversal of impairment of trade and other receivables of HK$18.3 million in FY12 as opposed to an impairment provision of HK$4.2 million during FY11.

During FY12, the Group has engaged a consultant to assist in seeking and identifying appropriate merger and acquisition targets with an aim to develop the Group's presence in the financing business in Hong Kong and the PRC, and also a senior executive with relevant experience and good reputation in this sector. The Company granted share options of the Company to this consultant as service fee, and accordingly the Company recorded expenses in respect of such share based payment of HK$11.3 million during FY12.

Profit Attributable to Equity Holders of the Company

The profit attributable to equity holders of the Company increased by HK$1.2 million or 2.3% to HK$56.0 million (FY11: HK$54.8 million) in FY12 as a result of the combined effect of (i) better business performance in the Pearl and Jewellery Segment; (ii) higher profitability achieved in the Property Development and Investment Segment; and (iii) the share option expense incurred during FY12.

Liquidity and Capital Resources

As at 31 March 2012, the Group's total equity, including non-controlling interests, was HK$1,456.5 million (2011: HK$1,357.0 million), representing an increase of 7.3% from last year.

As at 31 March 2012, the Group had cash and bank balances of HK$605.1 million (2011: HK$606.8 million). Cash and bank balances were mainly denominated in Hong Kong dollars, United States dollars and Chinese Renminbi. The Group's working capital, representing net current assets, was HK$651.0 million (2011: HK$480.6 million). The current ratio, representing the current assets divided by the current liabilities, was 2.0 (2011: 1.8).

As at 31 March 2012, the Group's total borrowings, which were denominated in Chinese Renminbi, were HK$184.5 million (2011: HK$95.2 million). The borrowings were used to finance the property development project in connection with CP&J City. The borrowings are interest-bearing at the prevailing lending rates published by the People's Bank of China from time to time. The Group does not currently use any derivatives to manage interest rate risk. Gearing ratio, representing total borrowings divided by total equity, was 0.13 (2011: 0.07).

As at 31 March 2012, the Group had available banking facilities of HK$104.4 million (2011: HK$228.5 million) with various banks, of which the unused bank facilities amounted to HK$104.4 million (2011: HK$133.3 million). With the committed unused banking facilities in place and available cash and cash equivalents, the Group has adequate financial resources to meet the anticipated future liquidity requirements and capital expenditure commitment.

The Group's borrowings and banking facilities were secured by certain investment properties and completed properties held for sale located in the PRC with an aggregate carrying amount of HK$421.8 million (2011: HK$242.2 million).

Treasury Policy

The Group principally operates its businesses in Hong Kong and mainland China. The Group is exposed to foreign exchange fluctuations from various currencies, such as United States dollars, Hong Kong dollars and Chinese Renminbi, which were the major currencies transacted by the Group during FY11 and FY12. Since Hong Kong dollars remains pegged to the United States dollars within a defined range, the Group is not exposed to any significant foreign exchange risk against the United States dollars. The Group has subsidiaries operating in mainland China, in which most of their transactions, including revenue, expenses and other financing activities, are denominated in Chinese Renminbi. The Group is not exposed to any significant foreign exchange transaction risk in relation to these currencies and had not entered into any foreign exchange contract as hedging measures against these currencies.

Notwithstanding the above, the Group is subject to foreign currency risk arising from certain transactions which are dominated in other currencies, such as Euro. The Group manages its foreign currency risk against other currencies by closely monitoring the movement of the foreign currency rates and may use hedging derivative, such as foreign currency forward contract, to manage its foreign currency risk as appropriate.

Contingent Liabilities

As at 31 March 2012, the Group had contingent liabilities of HK$76.3 million (2011: HK$88.4 million) in respect of guaranteeing the mortgage for certain purchasers of properties in CP&J City under mortgage collaboration agreements with a bank in the PRC.

Human Resources

As at 31 March 2012, the Group had a total workforce of 976 (2011: 998), of whom 64 (2011: 60) were based in Hong Kong. The total staff cost, including directors' emoluments, share options benefit and mandatory provident fund, was approximately HK$83.1 million (2011: HK$74.5 million). Employees were remunerated on the basis of their performance and experience. Remuneration packages, including salary and year-end discretionary bonus, were determined by reference to market conditions and individual performance.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (THE "MODEL CODE ")

The Company has adopted the Model Code as set out in Appendix 10 to the Rules Governing the Listing of Securities (the "Listing Rules") for securities transactions by the Directors. Having made specific enquiries with all the Directors, they have confirmed compliance with the required standard as set out in the Model Code throughout the year ended 31 March 2012.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the Independent Non-Executive Directors annual confirmations of their independence pursuant to Rule 3.13 of the Listing Rules. The Board has assessed the independence of all Independent Non-Executive Directors and is satisfied of their independence.

AUDIT COMMITTEE

The audit committee, which comprises all 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 and financial reporting matters including the review of the consolidated financial statements of the Group for the year ended 31 March 2012.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2012.

CORPORATE GOVERNANCE

The Group has applied the principles and complied with all the applicable provisions of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Listing Rules throughout the year ended 31 March 2012 except for deviation from the code provision A.4.1 of the CG Code.

According to the code provision A.4.1 as set out in the CG Code, non-executive directors should be appointed for a specific term, subject to re-election. Although one of the Non-Executive Directors, Mr. Lee Kang Bor, Thomas, and all three Independent Non-Executive Directors, namely Mr. Fung Yat Sang, Mr. Kiu Wai Ming and Mr. Lau Chi Wah, Alex have not been appointed for a specific term, they will all retire at the annual general meeting at least once every three years and will be eligible for re-election in accordance with the CG Code. In the opinion of the Directors, the retirement of each Non-Executive Director at the annual general meeting at least once every three years shall have the same effect of appointing them with a specific term of three years.

PROSPECTS

Looking ahead, the management remains prudent and observant towards the economic development. With the adverse influence of the euro-zone debt crisis, the recovery of the global economy is expected to slow down or even deteriorate. To cope with these challenges, the Board is devoted to explore and broaden the existing business in the marketing and sales of our pearl and jewellery products in the global markets, as well as the sales and leasing of properties in China to strength our competitiveness and provide business growth potential. On the other hand, the Company will continue to seek business opportunities with an aim to diversify its business portfolio in order to enhance shareholders' value.

BOARD OF DIRECTORS

As at the date hereof, the Executive Directors of the Company are Mr. Cheng Tai Po (Deputy Chairman) and Ms. Yan Sau Man, Amy; the Non-executive Directors of the Company are Mr. Cheng Chung Hing (Chairman) and Mr. Lee Kang Bor, Thomas; whilst the Independent Non-executive Directors of the Company are Mr. Fung Yat Sang, Mr. Kiu Wai Ming and Mr. Lau Chi Wah, Alex.

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

Hong Kong, 25 June 2012

Remark:

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