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 2013

	For the year ended 31 March		Increase/(Decrease)	
	2013	2012		
	HK$'000	*HK$'000*	*HK$'000*	*Percentage*
		(restated)		
Revenue	**461,185**	370,236	90,949	+24.6%
Profit attributable to equity holders of the Company	**48,244**	54,845	(6,601)	-12.0%
	HK cents per share			
Basic earnings per share	**3.78**	4.42		
Diluted earnings per share	**3.78**	4.37		
Dividend per share				
— Interim	**1.00**	3.00		
— Special interim	**15.00**	–		
— Proposed final	**2.00**	2.00		
— Proposed special	**–**	20.00		
	18.00	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 2013, together with the comparative figures for the previous year, as follows:

Consolidated Income Statement
For the year ended 31 March

	Note	**2013** ***HK$'000***	2012 *HK$'000* (restated)
Revenue	*3*	**461,185**	370,236
Cost of sales	*7*	**(309,697)**	(213,086)
Gross profit		**151,488**	157,150
Other income	*5*	**2,021**	4,347
Other gains – net	*6*	**14,421**	16,669
Selling expenses	*7*	**(17,479)**	(23,279)
Administrative expenses	*7*	**(84,914)**	(76,759)
Increase in fair values of investment properties and investment properties under construction		**46,638**	40,400
Operating profit		**112,175**	118,528
Finance income		**15,129**	12,567
Finance costs		**(15,250)**	(8,882)
Finance (cost)/income – net		**(121)**	3,685
Share of profit/(loss) of an associate		**23**	(4)
Profit before income tax		**112,077**	122,209
Income tax expense	*8*	**(47,810)**	(42,112)
Profit for the year		**64,267**	80,097

	Note	2013 HK$'000	2012 HK$'000 (restated)
Attributable to:			
Equity holders of the Company		**48,244**	54,845
Non-controlling interests		**16,023**	25,252
		64,267	80,097
Earnings per share attributable to equity holders of the Company	*10*		
Basic		**3.78 HK cents**	4.42 HK cents
Diluted		**3.78 HK cents**	4.37 HK cents

Consolidated Statement of Comprehensive Income

For the year ended 31 March

	2013	2012
	HK$'000	*HK$'000*
		(restated)
Profit for the year	**64,267**	80,097
Other comprehensive income:		
Exchange difference on translation of foreign operations	**–**	23,864
Change in deferred income tax liabilities in relation to increase in fair value of leasehold land and buildings arising from tax rate change	**–**	(111)
Increase in fair value of leasehold land and buildings, net of deferred income tax	**9,447**	6,420
Other comprehensive income for the year	**9,447**	30,173
Total comprehensive income for the year, net of tax	**73,714**	110,270
Attributable to:		
Equity holders of the Company	**57,691**	77,006
Non-controlling interests	**16,023**	33,264
	73,714	110,270

Consolidated Balance Sheet

		As at 31 March		As at 1 April
		2013	2012	2011
	Note	***HK$'000***	*HK$'000*	*HK$'000*
			(restated)	(restated)
ASSETS AND LIABILITIES				
Non-current assets				
Investment properties		**902,342**	869,590	847,257
Investment properties under construction		**64,452**	61,278	61,741
Property, plant and equipment		**126,712**	120,342	117,736
Prepaid lease payments		**162**	5,874	8,024
Prepayments		**969**	2,724	–
Investment in an associate		**144**	121	121
Deferred income tax assets		**1,695**	908	1,126
		1,096,476	1,060,837	1,036,005
Current assets				
Inventories		**76,771**	71,156	52,104
Properties under development		**–**	51,038	36,711
Completed properties held for sale		**208,840**	263,420	206,743
Investment properties under construction held for sale		**–**	7,602	–
Trade and other receivables	*11*	**148,498**	267,503	134,835
Financial assets at fair value through profit or loss		**28,396**	45,435	30,540
Current income tax recoverable		**1,938**	991	4,794
Cash and cash equivalents		**440,770**	605,099	606,806
		905,213	1,312,244	1,072,533
Current liabilities				
Trade and other payables	*12*	**387,711**	505,464	463,042
Current income tax liabilities		**108,987**	116,800	103,606
Borrowings		**216,900**	36,900	23,800
Amount due to an associate		**2,581**	2,032	1,492
		716,179	661,196	591,940
Net current assets		**189,034**	651,048	480,593
Total assets less current liabilities		**1,285,510**	1,711,885	1,516,598

	Note	As at 31 March **2013** *HK$'000*	2012 *HK$'000* (restated)	As at 1 April 2011 *HK$'000* (restated)
Non-current liabilities				
Deferred income tax liabilities		**171,968**	145,015	121,857
Borrowings		**110,700**	147,600	71,400
		282,668	292,615	193,257
Net assets		**1,002,842**	1,419,270	1,323,341
EQUITY				
Equity attributable to equity holders of the Company				
Share capital		**128,019**	126,434	122,709
Reserves				
– Proposed dividends	*9*	**25,604**	281,642	–
– Others		**709,471**	862,500	1,085,202
		863,094	1,270,576	1,207,911
Non-controlling interests		**139,748**	148,694	115,430
Total equity		**1,002,842**	1,419,270	1,323,341

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

Changes in accounting policy and disclosures

The HKICPA has amended HKAS 12, 'Income taxes', to introduce an exception to the principle for the measurement of deferred tax assets or liabilities arising on an investment property measured at fair value. HKAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a rebuttable presumption that an investment property measured at fair value is recovered entirely by sale. The amendment is applicable retrospectively to annual periods beginning on or after 1 April 2012.

The Group has adopted this amendment retrospectively for the financial year ended 31 March 2013 and the effects of adoption are disclosed as follows.

The Group has investment properties and investment properties under construction measured at their fair values totalling HK$938,470,000 as of 1 April 2012 (1 April 2011: HK$908,998,000). The investment properties and investment properties under construction held by the Group are located in Hong Kong and the People's Republic of China ("PRC"). As required by the amendment, the Group has re-measured the deferred tax relating to certain investment properties and investment properties under construction amounting to HK$37,276,000 as of 1 April 2012 (1 April 2011: HK$33,674,000) according to the tax consequence on the presumption that they are recovered entirely by sale retrospectively. The comparative figures for 2012 have been restated to reflect the change in accounting policy, as summarized below.

Effect on consolidated balance sheet

	As at 31 March		As at 1 April
	2013	2012	2011
	HK$'000	*HK$'000*	*HK$'000*
Increase in deferred income tax liabilities	**42,473**	37,276	33,674
Decrease in retained earnings	**18,557**	15,646	14,467
Decrease in translation reserve	**3,995**	3,995	3,034
Decrease in non-controlling interests	**19,921**	17,635	16,173

Effect on consolidated income statement

	Year ended 31 March	
	2013	2012
	HK$'000	*HK$'000*
Increase in income tax expense	**5,197**	2,082
Decrease in net profit attributable to equity holders of the Company	**2,911**	1,179
Decrease in net profit attributable to non-controlling interests	**2,286**	903
Decrease in basic EPS (HK cents)	**0.23**	0.09
Decrease in diluted EPS (HK cents)	**0.23**	0.10

Other than as disclosed below, there are no HKFRSs or HK(IFRIC) interpretations that are effective for the first time for the financial year beginning on or after 1 April 2012 that would be expected to have a material impact on the Group.

(b) New standards and amendments to standards have been issued but are not effective for the financial year beginning on 1 April 2012 and have not been early adopted:

		Effective for annual periods beginning on or after
HKAS 1 (Amendment)	Presentation of financial statements – presentation of items of other comprehensive income	1 July 2012
HKAS 19 (Amendment)	Employee benefits	1 January 2013
HKAS 27 (revised 2011)	Separate financial statements	1 January 2013
HKAS 28 (revised 2011)	Investments in associates and joint ventures	1 January 2013
HKAS 32 (Amendment)	Financial Instruments: presentation – offsetting financial assets and financial liabilities	1 January 2014
HKFRS 7 (Amendment)	Financial Instruments: disclosure – 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 10, 11 and 12 (Amendments)	Transition guidance	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
Annual improvements	HKFRS 2009 – 2011 cycle	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.

	2013	2012
	HK$'000	*HK$'000*
Sales of pearls and jewellery	**261,411**	300,024
Sales of properties	**159,375**	32,768
Rental income	**40,399**	37,444
	461,185	370,236

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, sales and leasing of properties.

Segment information about these businesses is presented below:

For the year ended 31 March 2013:

	Pearls and jewellery *HK$'000*	Property *HK$'000*	Total *HK$'000*
Profit and loss items			
Segment revenue	261,411	200,944	462,355
Inter-segment revenue	–	(1,170)	(1,170)
Revenue from external customers	261,411	199,774	461,185
Segment operating profit	11,201	104,530	115,731
Finance income	648	13,578	14,226
Finance costs	–	(12,496)	(12,496)
Share of profit of an associate	–	23	23
Segment profit before income tax	11,849	105,635	117,484
Income tax expense	(1,154)	(46,752)	(47,906)
Segment profit for the year	10,695	58,883	69,578
As at 31 March 2013			
Balance sheet items			
Total segment assets	348,855	1,617,144	1,965,999
Total segment assets include:			
Investment in an associate	–	144	144
Additions to non-current assets (other than deferred income tax assets)	2,480	90	2,570
Total segment liabilities	33,627	784,466	818,093
Other information:			
Depreciation	(4,801)	(2,874)	(7,675)
Amortisation	–	(8)	(8)
Impairment loss on prepaid lease payment	–	(5,704)	(5,704)
Increase in fair values of investment properties and investment properties under construction	–	46,638	46,638
Gain on disposals of investment properties and investment properties under development	–	9,577	9,577
Gain on disposals of property, plant and equipment	407	–	407
Reversal of impairment of trade and other receivables	3,763	–	3,763
Reversal of provision for inventory obsolescence	3,636	–	3,636

For the year ended 31 March 2012 (restated):

	Pearls and jewellery *HK$'000*	Property *HK$'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 expense	(3,358)	(37,814)	(41,172)
Segment profit for the year	39,209	60,666	99,875
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	908,275	951,159
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

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

	2013	2012
	HK$'000	*HK$'000*
		(restated)
Total profit before income tax for reportable segments	**117,484**	141,047
Fair value change in financial assets at fair value through profit or loss	**4,933**	(3,804)
Dividend income	**1,590**	1,957
Share options expenses	**(379)**	(12,761)
Loss on disposal of subsidiaries	**(2,814)**	–
Corporate finance (costs)/income, net	**(1,851)**	1,594
Corporate expenses	**(6,886)**	(5,824)
Profit before income tax of the Group	**112,077**	122,209

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

	2013	2012
	HK$'000	*HK$'000*
Total for reportable segments	**1,965,999**	2,020,273
Unallocated:		
Corporate assets	**6,303**	306,382
Financial assets at fair value through profit or loss	**28,396**	45,435
Current income tax recoverable	**991**	991
Total assets of the Group	**2,001,689**	2,373,081

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

	2013	2012
	HK$'000	*HK$'000*
Total for reportable segments	**818,093**	951,159
Unallocated:		
Corporate liabilities	**180,754**	1,713
Current income tax liabilities	**–**	939
Total liabilities of the Group	**998,847**	953,811

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$26,487,000 (2012: HK$15,644,000) and HK$434,698,000 (2012: HK$354,592,000) respectively.

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

	2013	2012
	HK$'000	*HK$'000*
Europe	**106,267**	150,464
Mainland China (excluding Hong Kong)	**196,641**	67,595
Hong Kong	**26,487**	15,644
North America	**67,472**	76,991
Other Asian countries	**55,612**	50,506
Others	**8,706**	9,036
	461,185	370,236

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$202,825,000 (2012: HK$187,838,000) and HK$891,812,000 (2012: HK$871,970,000) respectively.

Revenue from the transactions with each single customer amounted to less than 10% of total revenue of the Group for the year ended 31 March 2013 (2012: HK$54,211,000, HK$38,383,000 and HK$37,951,000 were derived from three individual customers in the Pearls and jewellery segment).

5. OTHER INCOME

	2013	2012
	HK$'000	*HK$'000*
Dividend income from financial assets at fair value through profit or loss	**1,590**	1,957
Others	**431**	2,390
	2,021	4,347

6. OTHER GAINS – NET

	2013	2012
	HK$'000	*HK$'000*
Exchange losses	**(1,679)**	(1,713)
Fair value change in financial assets at fair value through profit or loss	**4,933**	(3,804)
Gain on disposals of investment properties and investment properties under development	**9,577**	15,158
Gain on disposals of property, plant and equipment	**407**	133
Loss on disposal of subsidiaries	**(2,814)**	–
Others	**3,997**	6,895
	14,421	16,669

7. EXPENSES BY NATURE

	2013	2012
	HK$'000	*HK$'000*
Costs of inventories and completed properties for sales	**270,565**	174,331
Employee benefit expenses (including directors' emoluments)	**77,886**	83,075
Auditor's remuneration	**1,848**	1,800
Share option expenses for consultancy services	**–**	11,316
Depreciation of property, plant and equipment	**7,675**	8,162
Amortisation of prepaid lease payments	**8**	2,328
Impairment loss on prepaid lease payments	**5,704**	–
Reversal of provision for impairment of trade receivables *(note 11)*	**(3,763)**	(18,340)
Reversal of provision for inventory obsolescence	**(3,636)**	(7,800)
Operating lease rental on rented premises	**9,202**	8,819
Others	**46,601**	49,433
Total cost of sales, selling and administrative expenses	**412,090**	313,124

8. INCOME TAX EXPENSE

	2013	2012
	HK$'000	*HK$'000*
		(restated)
Current income tax:		
Hong Kong profits tax	**764**	3,652
PRC enterprise income tax	**16,883**	17,645
PRC land appreciation tax	**9,184**	5,323
	26,831	26,620
Over-provision in prior year:		
Hong Kong profits tax	**(137)**	(380)
PRC enterprise income tax	**(3,006)**	930
PRC land appreciation tax	**–**	(4,228)
	(3,143)	(3,678)
Deferred income tax:		
Net charge to current year	**24,122**	18,944
Attributable to change in tax rate	**–**	226
	24,122	19,170
	47,810	42,112

Hong Kong profits tax has been provided at a rate of 16.5% (2012: 16.5%) on the estimated assessable profits for the year.

PRC enterprise income tax

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.

Withholding tax on distributed/undistributed profits

The PRC tax law imposes a withholding tax at 10%, unless reduced by a tax treaty, for dividends distributed by PRC subsidiaries to its immediate holding company outside the PRC for earnings generated beginning on 1 January 2008.

PRC land appreciation tax

Land appreciation tax in the PRC is levied on properties developed by the Group for sale, at progressive rates ranging from 30% to 60% on the appreciation of land value, which under the applicable regulations is calculated based on the proceeds of sales of properties less deductible expenditures including cost of land use rights, borrowing costs and all property development expenditures.

9. DIVIDEND

	2013	2012
	HK$'000	*HK$'000*
Interim dividend – 1 HK cent (2012: 3 HK cents) per share	**12,802**	37,852
Special interim dividend – 15 HK cents (2012: Nil) per share	**192,028**	–
Proposed final dividend – 2 HK cents (2012: 2 HK cents) per share	**25,604**	25,604
Proposed special dividend – Nil (2012: 20 HK cents) per share	**–**	256,038
	230,434	319,494

The dividend paid during the year ended 31 March 2013 was HK$486,472,000 (2012: HK$37,852,000).

A proposed final dividend in respect of the year ended 31 March 2013 of 2 HK cents per share, amounting to approximately HK$25,604,000, is to be proposed at the annual general meeting on 20 August 2013. 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$48,244,000 (2012: HK$54,845,000) and the weighted average number of 1,275,930,000 (2012: 1,242,012,000) ordinary shares in issue during the year.

Basic earnings per share and diluted earnings per share are the same for the year ended 31 March 2013 as the conversion of convertible instruments are antidilutive.

The calculation of diluted earnings per share amount for the year ended 31 March 2012 is based on the profit for the year attributable to equity holders of the Company of approximately HK$54,845,000 and 1,254,404,000 ordinary shares, which represented the weighted average number of 1,242,012,000 ordinary shares in issue during the year and the weighted average number of 12,392,000 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

	2013 *HK$'000*	2012 *HK$'000*
Trade receivables	**79,877**	84,356
Less: provision for impairment of trade receivables	**(21,537)**	(29,060)
Trade receivables – net	**58,340**	55,296
Deposits, prepayments and other receivables	**90,158**	89,207
Advance of entrusted loan *(note)*	**–**	123,000
	148,498	267,503

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:

	2013 *HK$'000*	2012 *HK$'000*
At beginning of the year	**29,060**	60,002
Exchange differences	**–**	612
Reversal of provision for impairment losses	**(3,763)**	(18,340)
Amounts written off as uncollectible	**(3,760)**	(13,214)
At end of the year	**21,537**	29,060

Included in trade and other receivables of the Group are trade receivables of HK$79,877,000 (2012: HK$84,356,000) and their ageing analysis based on due date is as follows:

	2013	2012
	HK$'000	*HK$'000*
Not past due	**18,695**	15,574
1 to 60 days past due	**24,651**	21,734
61 to 120 days past due	**5,507**	11,062
More than 120 days past due	**31,024**	35,986
	79,877	84,356

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 2013, trade receivables of HK$39,645,000 (2012: HK$40,727,000) 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:

	2013	2012
	HK$'000	*HK$'000*
1 to 60 days past due	**24,651**	21,734
61 to 120 days past due	**3,489**	9,462
More than 120 days past due	**11,505**	9,531
	39,645	40,727

As of 31 March 2013, trade receivables of HK$21,537,000 (2012: HK$29,060,000) 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:

	2013	2012
	HK$'000	*HK$'000*
Not past due	**–**	1,005
1 to 60 days past due	**–**	–
61 to 120 days past due	**2,018**	1,600
More than 120 days past due	**19,519**	26,455
	21,537	29,060

12. TRADE AND OTHER PAYABLES

	2013	2012
	HK$'000	*HK$'000*
Trade payables	**8,413**	16,040
Loans from minority shareholders *(note)*	**96,716**	114,696
Advance receipts from customers	**68,567**	109,101
Advance receipt with respect to disposal of investment properties under construction	**–**	16,915
Other accruals and other payables	**214,015**	248,712
	387,711	505,464

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

The ageing analysis of trade payables based on due date is as follows:

	2013	2012
	HK$'000	*HK$'000*
0 to 60 days past due	**6,753**	15,355
61 to 120 days past due	**480**	49
More than 120 days past due	**1,180**	636
	8,413	16,040

13. CAPITAL COMMITMENT

	2013	2012
	HK$'000	*HK$'000*
Capital expenditure contracted for but not provided for in the consolidated financial statements:		
Construction of property and land acquisition	**25,821**	37,604
Purchase of property, plant and equipment	**770**	–
	26,591	37,604

14. EVENTS AFTER THE BALANCE SHEET DATE

On 15 May 2013, the Group received a written notice from Zhuji Land Resources Bureau confirming that the bid made by the Group of RMB62,700,000 for the land use right for the land located in Zhuji, the PRC, through a transfer by public listing process was successful. The Group entered into the land transfer contract with Zhuji Land Resources Bureau and fully paid the Land Transfer Price on 4 June 2013.

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 2013 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.

FINAL DIVIDEND

The Board recommended the payment of a final dividend of 2 HK cents per ordinary share to shareholders whose names appear on the register of members on 28 August 2013. The said final dividend, subject to the approval of shareholders at the forthcoming annual general meeting to be held on 20 August 2013, will be paid on 6 September 2013.

An interim dividend of 1 HK cent per ordinary share and a special dividend of 15 HK cents were declared for the six months ended 30 September 2012.

CLOSURE OF REGISTER OF MEMBERS

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

(i) from Friday, 16 August 2013 to Tuesday, 20 August 2013 (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 Thursday, 15 August 2013; and

(ii) from Monday, 26 August 2013 to Wednesday, 28 August 2013 (both days inclusive) for the purpose of determining shareholders' entitlement to the proposed final dividend, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, 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 Friday, 23 August 2013.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Tuesday, 20 August 2013, 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

During the year under review, the global economy remained subdued and continued to be influenced by the Eurozone banking and sovereign debt crises. Consumer and investor confidence remained weak in the United States and Europe. Notwithstanding this, major countries in the Asia region have been able to record economic growth which has stablised the economic environment in Asia.

China continued to be Asia's leading economic performer, notwithstanding recent statistics show that the economic growth in China has slowed down as a result of the weakening global economy as well as the various fiscal policies adopted by the Chinese government in 2011 with an aim to cool down the overheating economy. In particular, cooling measures have been implemented by the Chinese government in the property sector in response to the fast rising property prices. In response to the risk of economic slowdown, the Chinese government not only has implemented a series of policies to expand domestic demand, but has also loosened controls on bank's lending and deposit rates.

During the year, the difficult economic environment in Europe has weakened the demand for pearls and jewellery products which adversely affected the revenue of the Group. The continuous surge in operating expenses in the People's Republic of China (the "PRC") including but not limited to wages and materials costs, has put additional pressure on the profitability of the pearl and jewellery operation. In order to maintain competitiveness, the Group continues to devote efforts on cost control measures, as well as the improvisation in the operation to maximise efficiency and hence minimising costs.

For the property sector, the revenue generated from sales of properties in the China Pearls and Jewellery City ("CP&J City") increased strongly during the year which was attributable to the completion of a block of residential apartments and factory buildings where the relevant contracted sales were recognized in FY13. Rental income contributed by CP&J City continued to grow due to the improvement in occupancy rate as well as rental rates during the year.

Financial Review

The Group currently has two major lines of businesses: (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 Segment").

Revenue and Gross Profit

Pearl and Jewellery Segment

Net sales attributable to the Pearl and Jewellery Segment decreased by HK$38.6 million or 12.9% from HK$300.0 million for FY12 to HK$261.4 million for FY13. Such decrease was primarily attributable to a drop in net sales of saltwater pearls and assembled jewellery. Saltwater pearls contributed HK$73.3 million (FY12: HK$79.0 million) to the Group's net sales in FY13, representing a decrease of HK$6.3 million from FY12. Assembled jewellery contributed the most to the Group's net sales in FY13 with HK$176.0 million (FY12: HK$213.9 million) in FY13, representing a decrease of HK$37.9 million from FY12. Such decrease was mainly due to an increasing competition and shrinking demand in luxury products, resulting from the aftermath of the global economic crisis and the persistent austerity measures imposed throughout European countries.

Net sales of saltwater pearls and assembled jewellery accounted for 28.0% (FY12: 26.3%) and 67.3% (FY12: 71.3%) of the total net sales, respectively to the Pearl and Jewellery Segment in FY13.

During the year under review, Europe was the Group's largest market, in which net sales decreased by HK$44.2 million or 29.4% to HK$106.3 million (FY12: HK$150.5 million). Net sales in North America were HK$67.5 million, representing a decrease of 12.3% compared to HK$77.0 million in FY12. Net sales in Hong Kong and other Asian countries were HK$79.0 million in FY13, representing a positive growth of 24.4% as compared to HK$63.5 million in FY12.

Gross profit decreased by HK$30.6 million or 27.1% to HK$82.5 million in FY13 (FY12: HK$113.1 million). The decrease was mainly due to a drop in gross profit margin by 6.1 percentage points during FY13 (FY13: 31.6%; FY12: 37.7%) in addition to the decrease in net sales as discussed above. The shrink in gross profit margin was mainly attributable to the surge in cost of materials and labour costs in the PRC.

Property Segment

Revenue from the Property Segment was HK$199.8 million (FY12: HK$70.2 million) during FY13, which comprised sales of properties of HK$159.4 million (FY12: HK$32.8 million) and rental income of HK$40.4 million (FY12: HK$37.4 million). China Pearls and Jewellery City ("CP&J City") continues to contribute the most to the performance in the Property Segment, which accounted for 93.3% (FY12: 83.5%) of total revenue to the Property Segment in FY13.

Revenue from sales of properties increased by HK$126.6 million or 386.0% to HK$159.4 million (FY12: HK$32.8 million) in FY13. The increase was mainly due to the increase in net sales of newly completed residential apartment and factory buildings in CP&J City. Rental income increased by HK$1.2 million or 9.8% to HK$13.4 million (FY12: HK$12.2 million) in FY13 as a result of the improvement in occupancy rate and the upward adjustment in rental rates for the existing tenants.

Gross profit attributable to the Property Segment increased by HK$24.9 million or 56.5% to HK$69.0 million (FY12: HK$44.1 million) in FY13. The increase was mainly attributable to the sales of the newly completed residential apartments and factory buildings. The gross profit margin decreased by 28.3 percentage points to 34.5% in FY13 from 62.8% in FY12 , mainly due to the effect of the sales during FY13 under the 2010 promotional sales arrangement (the "PSA") which the Group sold certain units to purchasers at discounts. The PSA is in effect until further review by the management.

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

S&A expenses mainly comprised selling expenses of HK$17.5 million (FY12: HK$23.3 million) and administrative expenses of HK$84.9 million (FY12: HK$76.8 million). S&A expenses increased by HK$2.3 million or 2.3% to HK$102.4 million (FY12: HK$100.1 million) in FY13, as a result of the combined effect of (i) a decrease of HK$14.5 million in the reversal of impairment of trade and other receivables to HK$3.8 million (FY12: HK$18.3 million) in FY13; (ii) an impairment loss of prepaid lease payment of HK$5.7 million was recognized during FY13; (iii) share option expense of HK$11.3 million was recorded during FY12 for options granted to a consultant in return for certain services provided by the consultant to the Group; and (iv) a decrease by HK$4.8 million in sales commission and exhibition expense as compared to last year.

Profit Attributable to Equity Holders of the Company

The profit attributable to equity holders of the Company decreased by HK$6.6 million or 12.0% to HK$48.2 million (FY12: HK$54.8 million) in FY13, which was primarily due to the net effect of (i) the reduction in operating profits in the Pearl and Jewellery Segment as a result of the drop in turnover couple with the increase in costs of labour and materials; and (ii) an one-off consultant share option expense of HK$11.3 million was recorded in FY12.

Material Acquisition and Disposal

During the year, the Group acquired an additional 7% of the issued shares of China Pearls and Jewellery City Holdings Limited ("CPJ HK") together with the loan in the amount of HK$17.8 million owed by CPJ HK to the Group for a purchase consideration of HK$28.4 million. As such, the Group increased in the equity interest in the CPJ HK from 55% to 62%.

During the year, the Group entered into a sale and purchase agreement with a PRC third party to dispose of the entire equity interest held by the Group in Eternal Noble Limited and its subsidiaries ("Disposal Group") together with its shareholder's loan at an aggregate consideration of HK$194.3 million. The Disposal Group would have been established for the purpose of developing a micro credit business in the PRC, however, the plan had been terminated during the year.

Liquidity and Capital Resources

As at 31 March 2013, the Group's total equity, including non-controlling interests, was HK$1,002.8 million (2012: HK$1,419.3 million), representing a decrease of 29.3% from last year. The decrease was mainly attributable to the payment of dividends amounted to HK$486.5 million during FY13.

As at 31 March 2013, the Group had cash and bank balances of HK$440.8 million (2012: HK$605.1 million). Cash and bank balances were mainly denominated in Hong Kong dollars, United States dollars and Chinese Renminbi. The Group's working capital or net current assets were HK$189.0 million (2012: HK$651.0 million). The current ratio, represented by the current assets divided by the current liabilities, was 1.3 (2012: 2.0).

As at 31 March 2013, the Group's total borrowings, which were denominated in Hong Kong dollar and Chinese Renminbi, were HK$327.6 million (2012: HK$184.5 million) and were interest-bearing. The Group does not currently use any derivatives to manage interest rate risk. Gearing ratio, representing total borrowings divided by total equity, was 0.33 (2012: 0.13).

As at 31 March 2013, the Group had available banking facilities of HK$289.4 million (2012: HK$104.4 million) with various banks, of which the unused banking facilities amounted to HK$109.4 million (2012: HK$104.4 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 with an aggregate carrying amount of HK$442.5 million (2012: HK$421.8 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 and Chinese Renminbi, which were the major foreign currencies transacted by the Group during FY12 and FY13.

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 Chinese Renminbi and has not entered into any foreign exchange contract as hedging measures.

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 2013, the Group had contingent liabilities of HK$85.3 million (2012: HK$76.3 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 and certain investment properties with carrying amount of HK$28.1 million have been pledged to a PRC bank to secure a loan granted by the PRC bank to a third party (2012: Nil).

Human Resources

As at 31 March 2013, the Group had a total workforce of 914 (2012: 976), of whom 59 (2012: 64) were based in Hong Kong. The total staff cost, including directors' emoluments, share options benefit and mandatory provident fund, was approximately HK$77.9 million (2012: HK$83.1 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.

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 10 to the Listing Rules as the code of conduct for dealing in securities of the Company 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 2013. To ensure Directors' dealings in the securities of the Company (the "Securities") are conducted in accordance with the Model Code and securities code of the Company, a Director is required to notify the Chairman or the Deputy Chairman in writing and obtain a written acknowledgement from the Chairman or the Deputy Chairman prior to any dealings in the Securities.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has complied with the requirements under Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules. The Company has received confirmation of independence from all three Independent Non-Executive Directors, namely Mr. Fung Yat Sang, Mr. Kiu Wai Ming and Mr. Lau Chi Wah, Alex in accordance with Rule 3.13 of the Listing Rules.

The Board has reviewed the independence of all Independent Non-Executive Directors and concluded that all of them are independent within the definition of the Listing Rules. Furthermore, the Board is not aware of the occurrence of any events which would cause it to believe that the independence of any of the Independent Non-Executive Directors has been impaired up to the date of this announcement.

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 2013.

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 2013.

CORPORATE GOVERNANCE

The Group has adopted a corporate governance statement of policy which provides guidance on the application of the corporate governance principles on the Group, with reference to the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

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.

Save as the deviation from the code provision A.4.1 of the CG Code as mentioned above, in the opinion of the directors of the Company (the "Director(s)"), the Company has complied with all code provisions as set out in the CG Code throughout the year ended 31 March 2013 and, where appropriate, the applicable recommended best practices of the CG Code.

PROSPECTS

Looking forward, the ongoing uncertainties of the global economy will continue to constrain overall customer demand. In addition, the operating environment for manufacturing in Mainland China remains challenging with increases in wages, inflation and appreciation of the RMB. Nevertheless, management will remain prudent and observant in managing the Group's investment portfolio and businesses to minimise these adverse impacts. Notwithstanding, the Group will continue to explore new business opportunities so arising in order to maximise shareholder's value in the coming future, in particular the property sector where the Group has been focusing in the past years.

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 2013

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.