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 2015

	For the year ended 31 March		**(Decrease)/Increase**	
	2015	2014		
	HK$'000	*HK$'000* (Restated)	*HK$'000*	*Percentage*
Continuing operation				
Revenue	**73,368**	82,907	(9,539)	-11.5%
Gross profit	**57,669**	50,009	7,660	+15.3%
Profit attributable to equity holders of the Company	**9,095**	36,967	(27,872)	-75.4%
Discontinued operation *(Note)*				
Profit attributable to equity holders of the Company	**1,884**	31,496	(29,612)	-94.0%

Note: During the year ended 31 March 2015, the Pearls and Jewellery Business had been distributed to the Company's shareholders upon the successful spin-off and separate listing of Man Sang Jewellery Holdings Limited, a former wholly-owned subsidiary engaging in the Pearls and Jewellery Business, by way of distribution in specie. As a result, the Pearls and Jewellery Business was presented as a discontinued operation in the consolidated financial statements. Accordingly, the consolidated income statement and consolidated statement of comprehensive income for the year ended 31 March 2014 have been restated to present such business as discontinued operation. Such re-presentation has no impact on the consolidated balance sheet as at 31 March 2014.

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 2015, together with the comparative figures for the previous year, as follows:

Consolidated Income Statement
For the year ended 31 March

	Note	**2015** *HK$'000*	2014 *HK$'000* (Restated)
Continuing operation			
Revenue	*3*	**73,368**	82,907
Cost of sales	*7*	**(15,699)**	(32,898)
Gross profit		**57,669**	50,009
Other income	*5*	**871**	1,683
Other gains — net	*6*	**13,925**	964
Selling expenses	*7*	**(5,807)**	(3,624)
Administrative expenses	*7*	**(36,751)**	(26,665)
Increase in fair values of investment properties and investment properties under construction		**28,697**	80,950
Operating profit		**58,604**	103,317
Finance income		**4,166**	4,493
Finance costs		**(5,109)**	(4,763)
Finance costs — net		**(943)**	(270)
Share of (loss)/profit of an associate		**(7)**	29
Profit before income tax		**57,654**	103,076
Income tax expense	*8*	**(43,202)**	(48,976)
Profit for the year from continuing operation		**14,452**	54,100
Discontinued operation			
Profit for the year from discontinued operation	*14*	**1,884**	31,496
Profit for the year		**16,336**	85,596

Consolidated Income Statement — *Continued*
For the year ended 31 March

	Note	2015 HK$'000	2014 HK$'000 (Restated)
Profit attributable to equity holders of the Company:			
— from continuing operation		**9,095**	36,967
— from discontinued operation		**1,884**	31,496
		10,979	68,463
Profit attributable to non-controlling interests:			
— from continuing operation		**5,357**	17,133
— from discontinued operation		**–**	–
		5,357	17,133
Profit for the year		**16,336**	85,596
Earnings per share attributable to equity holders of the Company	*10*		
Basic			
— from continuing operation		**0.70 HK cents**	2.89 HK cents
— from discontinued operation		**0.14 HK cents**	2.46 HK cents
		0.84 HK cents	5.35 HK cents
Diluted			
— from continuing operation		**0.70 HK cents**	2.85 HK cents
— from discontinued operation		**0.14 HK cents**	2.44 HK cents
		0.84 HK cents	5.29 HK cents

Consolidated Statement of Comprehensive Income
For the year ended 31 March

	2015	2014
	HK$'000	*HK$'000*
		(Restated)
Profit for the year	**16,336**	85,596
Other comprehensive income:		
Item that may be reclassified to profit or loss		
Exchange difference on translation of foreign operations	**–**	17,660
Item that will not be subsequently reclassified to profit or loss		
Increase in fair value of leasehold land and buildings, net of deferred income tax	**16,903**	564
Other comprehensive income for the year	**16,903**	18,224
Total comprehensive income for the year, net of tax	**33,239**	103,820
Attributable to:		
Equity holders of the Company	**27,882**	80,737
Non-controlling interests	**5,357**	23,083
	33,239	103,820
Total comprehensive income attributable to equity holders of the Company for the year arising from:		
Continuing operation	**24,881**	44,542
Discontinued operation	**3,001**	36,195
	27,882	80,737

Consolidated Balance Sheet
As at 31 March

	Note	2015 HK$'000	2014 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties		**939,994**	996,515
Investment properties under construction		**68,670**	67,536
Property, plant and equipment		**523**	123,635
Prepaid lease payments		**–**	154
Prepayments		**57**	348
Investment in an associate		**169**	176
Deferred income tax assets		**–**	3,067
		1,009,413	1,191,431
Current assets			
Inventories		**–**	78,282
Properties under development		**155,986**	142,752
Completed properties held for sale		**278,572**	186,291
Trade and other receivables	*11*	**43,309**	103,576
Financial assets at fair value through profit or loss		**9,660**	21,775
Current income tax recoverable		**–**	7
Restricted cash		**100,000**	–
Cash and cash equivalents		**264,265**	392,355
		851,792	925,038
Current liabilities			
Trade and other payables	*12*	**455,564**	408,494
Current income tax liabilities		**116,392**	116,704
Borrowings		**137,800**	125,400
Amount due to an associate		**4,027**	2,961
		713,783	653,559
Net current assets		**138,009**	271,479
Total assets less current liabilities		**1,147,422**	1,462,910

Consolidated Balance Sheet — *Continued*
As at 31 March

	Note	**2015** **HK$'000**	2014 HK$'000
Non-current liabilities			
Deferred income tax liabilities		**230,112**	213,602
Borrowings		**37,800**	175,600
		267,912	389,202
Net assets		**879,510**	1,073,708
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**133,161**	128,019
Reserves	*9*	**594,920**	799,617
		728,081	927,636
Non-controlling interests		**151,429**	146,072
Total equity		**879,510**	1,073,708

Notes:

1. BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). 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.

The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

During the year ended 31 March 2015, the Pearls and Jewellery Business had been distributed to the Company's shareholders upon the successful spin-off and separate listing of Man Sang Jewellery Holdings Limited, a former wholly-owned subsidiary engaging in the Pearls and Jewellery Business, by way of distribution in specie. As a result, the Pearls and Jewellery Business was presented as a discontinued operation in the consolidated financial statements. Accordingly, the consolidated income statement and consolidated statement of comprehensive income for the year ended 31 March 2014 have been restated to present such business as discontinued operation. Such re-presentation has no impact on the consolidated balance sheet as at 31 March 2014.

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

(a) New standards, revisions and amendments to existing standards effective for annual periods beginning 1 April 2014, relevant to the Group's operations and adopted by the Group:

Amendment to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment entities
Amendment to HKAS 32	Offsetting financial assets and financial liabilities
Amendment to HKAS 36	Recoverable amount disclosures for non-financial assets
Amendment to HKAS 39	Novation of derivatives and continuation of hedge accounting
HK(IRIC)-Int 21	Levies

The adoption of the above new standards, revisions and amendments to existing standards did not have any material impact on the preparation of the Group's financial statements.

(b) New standards, amendments to existing standards and interpretations which have been issued but are not effective for the financial year beginning on 1 April 2014 and have not been early adopted:

		Effective for annual periods beginning on or after
Amendment to HKAS 19	Defined benefit plans	1 July 2014
Amendment to HKFRSs	Annual improvements to HKFRSs 2010–2012 cycle	1 July 2014
Amendment to HKFRSs	Annual improvements to HKFRSs 2011–2013 cycle	1 July 2014
Amendment to HKFRSs	Annual improvements to HKFRSs 2012–2014 cycle	1 January 2016
HKFRS 9	Financial instruments	1 January 2018
HKFRS 14	Regulatory deferral accounts	1 January 2016
HKFRS 15	Revenue from contracts with customers	1 January 2017
Amendment to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	1 January 2016
Amendment to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception	1 January 2016
Amendment to HKFRS 11	Accounting for acquisitions of interests in joint operations	1 January 2016
Amendment to HKAS 1	Disclosure initiative	1 January 2016
Amendment to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation	1 January 2016
Amendment to HKAS 16 and HKAS 41	Agriculture: Bearer plants	1 January 2016
Amendment to HKAS 27	Equity method in separate financial statements	1 January 2016

The Group is assessing the impact of these standards, amendments and interpretations and does not anticipate that the adoption will result in any material impact on the Group's results of operation and financial position.

The Group intends to adopt the above standards, amendments and interpretations 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.

	2015	2014
	HK$'000	*HK$'000*
Continuing operation:		
Sales of properties	**19,989**	39,426
Rental income	**53,379**	43,481
	73,368	82,907
Discontinued operation:		
Sales of pearls and jewellery	**159,477**	268,473
Total revenue	**232,845**	351,380

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, designing, production and wholesale distribution of pearls and jewellery.

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

As discussed in Note 14, subsequent to the Spin-off, the Group no longer carried on the Pearls and Jewellery Business and the pearls and jewellery segment was classified as discontinued operation of the Group for the year ended 31 March 2015.

Segment information about these businesses is presented below:

For the year ended 31 March 2015:

	Continuing operation — Property *HK$'000*	Discontinued operation — Pearls and jewellery *HK$'000*	Total *HK$'000*
Profit and loss items			
Segment revenue	**74,364**	**159,477**	**233,841**
Inter-segment revenue	**(996)**	**–**	**(996)**
Revenue from external customers	**73,368**	**159,477**	**232,845**
Segment operating profit	**71,111**	**5,123**	**76,234**
Finance income	**4,005**	**286**	**4,291**
Finance costs	**(1,608)**	**(546)**	**(2,154)**
Share of loss of an associate	**(7)**	**–**	**(7)**
Segment profit before income tax	**73,501**	**4,863**	**78,364**
Income tax expense	**(43,780)**	**(2,979)**	**(46,759)**
Segment profit for the year/period	**29,721**	**1,884**	**31,605**
As at 31 March 2015			
Balance sheet items			
Total segment assets	**1,815,689**	**–**	**1,815,689**
Total segment assets include:			
Investment in an associate	**169**	**–**	**169**
Additions to non-current assets (other than deferred income tax assets)	**64**	**–**	**64**
Total segment liabilities	**876,108**	**–**	**876,108**
Other information:			
Depreciation	**(1,180)**	**(2,874)**	**(4,054)**
Increase in fair values of investment properties and investment properties under construction	**28,697**	**–**	**28,697**
Loss on disposals of property, plant and equipment	**–**	**(174)**	**(174)**
Provision for impairment of trade receivables	**(403)**	**(1,711)**	**(2,114)**
Reversal of provision for inventory obsolescence	**–**	**2,305**	**2,305**

For the year ended 31 March 2014:

	Continuing operation — Property HK$'000 (Restated)	Discontinued operation — Pearls and jewellery HK$'000 (Restated)	Total HK$'000 (Restated)
Profit and loss items			
Segment revenue	84,297	268,473	352,770
Inter-segment revenue	(1,390)	–	(1,390)
Revenue from external customers	82,907	268,473	351,380
Segment operating profit	117,381	33,885	151,266
Finance income	4,493	584	5,077
Finance costs	(820)	(169)	(989)
Share of profit of an associate	29	–	29
Segment profit before income tax	121,083	34,300	155,383
Income tax expense	(49,790)	(2,804)	(52,594)
Segment profit for the year	71,293	31,496	102,789
As at 31 March 2014			
Balance sheet items			
Total segment assets	1,739,033	345,227	2,084,260
Total segment assets include:			
Investment in an associate	176	–	176
Additions to non-current assets (other than deferred income tax assets)	48	3,021	3,069
Total segment liabilities	807,495	93,259	900,754
Other information:			
Depreciation	(1,299)	(5,657)	(6,956)
Amortisation	(8)	–	(8)
Increase in fair values of investment properties and investment properties under construction	80,950	–	80,950
Gain on disposals of property, plant and equipment	64	80	144
Reversal of provision for impairment of trade receivables	–	6,797	6,797
Provision for inventory obsolescence	–	(1,357)	(1,357)

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

	2015 *HK$'000*	2014 *HK$'000* (Restated)
Total profit before income tax for reportable segments	**78,364**	155,383
Fair value change in financial assets at fair value through profit or loss	**6,607**	(2,991)
Dividend income	**871**	1,231
Share options expenses	**(66)**	(171)
Gain/(Loss) on disposal of subsidiaries	**1,679**	(1)
Corporate finance costs, net	**(3,340)**	(3,943)
Corporate expenses	**(21,598)**	(12,132)
Profit before income tax from discontinued operation	**(4,863)**	(34,300)
Profit before income tax of the Group from continuing operations	**57,654**	103,076

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

	2015 *HK$'000*	2014 *HK$'000*
Total for reportable segments	**1,815,689**	2,084,260
Unallocated:		
Corporate assets	**35,856**	10,434
Financial assets at fair value through profit or loss	**9,660**	21,775
Total assets of the Group	**1,861,205**	2,116,469

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

	2015 *HK$'000*	2014 *HK$'000*
Total for reportable segments	**876,108**	900,754
Unallocated:		
Corporate liabilities	**105,587**	142,007
Total liabilities of the Group	**981,695**	1,042,761

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$30,593,000 (2014: HK$21,317,000) and HK$202,252,000 (2014: HK$330,063,000) respectively.

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

For the year ended 31 March 2015

	Continuing operation — Property *HK$'000*	**Discontinued operation — Pearls and jewellery** *HK$'000*	**Total** *HK$'000*
Europe	**–**	**46,166**	**46,166**
Mainland China (excluding Hong Kong)	**69,484**	**28,663**	**98,147**
Hong Kong	**3,884**	**26,709**	**30,593**
North America	**–**	**39,638**	**39,638**
Other Asian countries	**–**	**15,034**	**15,034**
Others	**–**	**3,267**	**3,267**
	73,368	**159,477**	**232,845**

For the year ended 31 March 2014

	Continuing operation — Property *HK$'000*	Discontinued operation — Pearls and jewellery *HK$'000*	Total *HK$'000*
Europe	–	83,576	83,576
Mainland China (excluding Hong Kong)	79,060	30,375	109,435
Hong Kong	3,847	17,470	21,317
North America	–	79,800	79,800
Other Asian countries	–	49,768	49,768
Others	–	7,484	7,484
	82,907	268,473	351,380

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$295,000 (2014: HK$216,725,000) and HK$1,008,949,000 (2014: HK$971,463,000) respectively.

Revenue from the transactions with each single customer amounted to less than 10% of total revenue of the Group for the years ended 31 March 2015 and 2014.

5. OTHER INCOME

	2015	2014
	HK$'000	*HK$'000*
Dividend income from financial assets at fair value through profit or loss	**871**	1,231
Others	**–**	452
	871	1,683

6. OTHER GAINS — NET

	2015	2014
	HK$'000	*HK$'000*
		(Restated)
Exchange (losses)/gain	**(678)**	233
Fair value change in financial assets at fair value through profit or loss	**6,607**	(2,991)
Gain on disposals of investment properties, net	**2,362**	–
Gain on disposals of property, plant and equipment	**–**	64
Gain/(Loss) on disposal of subsidiaries *(note 14)*	**1,679**	(1)
Penalty income	**1,752**	2,505
Others	**2,203**	1,154
	13,925	964

7. EXPENSES BY NATURE

	2015	2014
	HK$'000	*HK$'000*
		(Restated)
Costs of inventories and completed properties for sales	**12,645**	29,585
Employee benefit expenses (including directors' emoluments)	**16,720**	16,563
Auditor's remuneration	**1,730**	845
Depreciation of property, plant and equipment	**1,180**	1,299
Amortisation of prepaid lease payments	**–**	8
Provision for impairment of trade receivables *(note 11)*	**403**	–
Operating lease rental on rented premises	**669**	444
Others	**24,910**	14,443
Total cost of sales, selling and administrative expenses	**58,257**	63,187

8. INCOME TAX EXPENSE

	2015	2014
	HK$'000	*HK$'000*
		(Restated)
Current income tax:		
PRC corporate income tax	**10,275**	8,925
PRC land appreciation tax	**3,586**	3,799
	13,861	12,724
Over-provision in prior year:		
Hong Kong profits tax	**(513)**	(733)
Deferred income tax:		
Net charge for current year	**29,854**	36,985
	43,202	48,976

Hong Kong profits tax

Hong Kong profits tax has been provided at a rate of 16.5% (2014: 16.5%) on the estimated assessable profits for the year.

PRC corporate income tax

The PRC corporate 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

The Board does not recommend the payment of final dividend for the year ended 31 March 2015 (2014: Nil).

The dividend paid during the year ended 31 March 2014 was HK$25,604,000.

On 26 September 2014, a conditional special interim dividend was declared by the Board to be satisfied through a distribution in specie by the Company of the entire issued share capital of MS Jewellery, subject to the Spin-off Condition (as defined in the Listing Document, that is the listing sub-committee of the board of the Stock Exchange granting the listing of, and permission to deal in, the shares of MS Jewellery on the Stock Exchange). The listing approval was obtained on 16 October 2014, and the entire issued share capital of MS jewellery was distributed to the equity holders of the Company pursuant to the Distribution (as defined in note 14). The shares of MS Jewellery were listed on the Stock Exchange on 17 October 2014.

10. EARNINGS PER SHARE

Basic:

The calculation of the basic earnings per share amount is based on the profit for the year attributable to equity holders of the Company and the weighted average number of ordinary shares in issue during the year.

	2015	2014
From continuing operation:		
Profit attributable to equity holders of the Company *(HK$'000)*	**9,095**	36,967
Weighted average number of shares in issue *(thousands)*	**1,305,123**	1,280,190
Basic earnings per share *(HK cents per share)*	**0.70**	2.89
From discontinued operation:		
Profit attributable to equity holders of the Company *(HK$'000)*	**1,884**	31,496
Weighted average number of shares in issue *(thousands)*	**1,305,123**	1,280,190
Basic earnings per share *(HK cents per share)*	**0.14**	2.46

Diluted:

Diluted earnings per share is calculated by the adjusted weighted average number of shares which represented the weighted average number of shares in issue during the period and weighted average number of ordinary shares deemed to have been issued at no consideration, assuming the exercise of the share options.

The calculation of diluted earnings per share amount for the year ended 31 March 2015 is based on the profit for the year attributable to equity holders of the Company of approximately HK$10,979,000 (2014: HK$68,463,000) and 1,305,384,000 (2014: 1,293,734,000) ordinary shares, which represented the weighted average number of 1,305,123,000 (2014: 1,280,190,000) ordinary shares in issue during the year and the weighted average number of 261,000 (2014: 13,544,000) ordinary shares deemed to have been issued at no consideration on the deemed exercise of all the outstanding share options during the year.

	2015	2014
From continuing operation:		
Profit attributable to equity holders of the Company *(HK$'000)*	**9,095**	36,967
Adjusted weighted average number of shares *(thousands)*	**1,305,384**	1,293,734
Diluted earnings per share *(HK cents per share)*	**0.70**	2.85
From discontinued operation:		
Profit attributable to equity holders of the Company *(HK$'000)*	**1,884**	31,496
Adjusted weighted average number of shares *(thousands)*	**1,305,384**	1,293,734
Diluted earnings per share *(HK cents per share)*	**0.14**	2.44

11. TRADE AND OTHER RECEIVABLES

	2015 ***HK$'000***	2014 *HK$'000*
Trade receivables	**2,625**	76,001
Less: provision for impairment of trade receivables	**(1,402)**	(14,764)
Trade receivables — net	**1,223**	61,237
Deposits, prepayments and other receivables	**42,086**	42,339
	43,309	103,576

For the Pearl and Jewellery Business, the Group grants credit period ranging from 30 days to 120 days to its customers.

The carrying amounts of the trade and other receivables approximate to 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, 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:

	2015	2014
	HK$'000	*HK$'000*
At beginning of the year	**14,762**	21,537
Provision/(Reversal of provision) for impairment losses	**403**	(6,797)
Derecognised upon the Spin-off	**(13,763)**	–
Exchange differences	**–**	24
At end of the year	**1,402**	14,764

Included in trade and other receivables of the Group are trade receivables of HK$2,625,000 (2014: HK$76,001,000) and their ageing analysis based on due date is as follows:

	2015	2014
	HK$'000	*HK$'000*
Not past due	**1,223**	17,344
1 to 60 days past due	**–**	31,143
61 to 120 days past due	**–**	8,464
More than 120 days past due	**1,402**	19,050
	2,625	76,001

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 2014, trade receivables of HK$43,893,000 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:

	2015	2014
	HK$'000	*HK$'000*
1 to 60 days past due	**–**	31,143
61 to 120 days past due	**–**	7,767
More than 120 days past due	**–**	4,983
	–	43,893

As of 31 March 2015, trade receivables of HK$1,402,000 (2014: HK$14,764,000) 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:

	2015	2014
	HK$'000	*HK$'000*
91 to 120 days past due	**–**	697
More than 120 days past due	**1,402**	14,067
	1,402	14,764

12. TRADE AND OTHER PAYABLES

	2015	2014
	HK$'000	*HK$'000*
Trade payables	**860**	6,586
Loans from minority shareholders *(note)*	**86,938**	86,938
Advance receipts from customers	**146,150**	94,173
Other accruals and other payables	**221,616**	220,797
	455,564	408,494

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:

	2015	2014
	HK$'000	*HK$'000*
0 to 60 days past due	**–**	6,227
61 to 120 days past due	**257**	50
More than 120 days past due	**603**	309
	860	6,586

13. CAPITAL COMMITMENT

	2015	2014
	HK$'000	*HK$'000*
Capital expenditure contracted for but not provided for in the consolidated financial statements:		
Construction of property and land acquisition	**25,537**	108,769
Purchase of property, plant and equipment	**–**	770
	25,537	109,539

14. DERECOGNITION OF SUBSIDIARIES UPON SPIN-OFF AND DISPOSAL OF A SUBSIDIARY

(a) Derecognition of subsidiaries upon spin-off:

During the year ended 31 March 2015, the Group distributed the Group's Pearls and Jewellery Business to its equity holders. Pursuant to a resolution of the Board on 26 September 2014, it proposed that the Group would spin off its Pearls and Jewellery Business through the separate listing of MS Jewellery on the Stock Exchange by way of introduction, through a special dividend distribution satisfied by distribution in specie of the entire issued share capital of MS Jewellery to the Company's shareholders, the details of which are set out in the listing document of MS Jewellery dated 30 September 2014 (the "Listing Document"). The directors of the Company considered that the Spin-off is in substance distributing the Pearls and Jewellery Business to the Company's shareholders.

On 26 September 2014, a conditional special interim dividend was declared by the Board, to be satisfied through a distribution in specie by the Company of the entire issued share capital of MS Jewellery, subject to the Spin-off Condition (as defined in the Listing Document, that is the listing subcommittee of the board of the Stock Exchange granting the listing of, and permission to deal in, the shares of MS Jewellery on the Stock Exchange) (the "Distribution").

On 16 October 2014, the Stock Exchange granted the listing of, and permission to deal in, the shares of MS Jewellery on the Main Board of the Stock Exchange, upon which the Spin-off became unconditional and the 100% shares of MS Jewellery were distributed to the equity owners of the Company pursuant to the Distribution. On 17 October 2014, the Spin-off was completed and the shares of MS Jewellery were listed on the Stock Exchange.

As a result, the Pearls and Jewellery Business was presented as a discontinued operation in these consolidated financial statements. Accordingly, the consolidated income statement and consolidated statement of comprehensive income for the year ended 31 March 2014 have been restated to present such business as discontinued operation.

The profit for the period from 1 April 2014 to 17 October 2014 and for the year ended 31 March 2014 from the discontinued operation is analysed as follows:

	For the period from 1 April 2014 to 17 October 2014 *HK$'000*	**For the year ended 31 March 2014** *HK$'000*
Revenue	159,477	268,473
Cost of sales	(99,700)	(173,205)
Gross profit	59,777	95,268
Other gains — net	263	1,170
Selling expenses	(5,562)	(15,627)
Administrative expenses	(49,355)	(46,926)
Operating profit	5,123	33,885
Finance income	286	584
Finance cost	(546)	(169)
	(260)	415
Profit before income tax	4,863	34,300
Income tax expense	(2,979)	(2,804)
Profit for the period/year	1,884	31,496

The net assets of the MSJ Group as at 17 October 2014 were as follows:

	HK$'000
Property, plant and equipment	97,383
Deferred income tax assets	2,906
Inventories	86,360
Trade and other receivables	113,558
Cash and cash equivalents	57,731
Trade and other payables	(42,001)
Current income tax liabilities	(3,615)
Borrowings	(46,400)
Deferred tax liabilities	(11,750)
Net assets derecognised upon the Spin-off	254,172
Special dividend *(Note 9)*	254,172
Net cash outflow upon Spin-off	
Cash and bank balances	57,731

The cash flows for the period from 1 April 2014 to 17 October 2014 and for the year ended 31 March 2014 from the discontinued operation is analysed as follows:

	For the period from 1 April 2014 to 17 October 2014 *HK$'000*	For the year ended 31 March 2014 *HK$'000*
Operating cash flows	(107,275)	22,520
Investing cash flows	(2,389)	(95,429)
Financing cash flows	(1,200)	47,600
Total cash flows	(110,864)	(25,309)

(b) Disposal of a subsidiary:

The Group entered into an agreement with an independent third party to dispose of its entire equity interests in Swift Millions Limited, a wholly owned subsidiary of the Company, for a total consideration of HK$123,850,000 which was determined with reference to its financial position as at 16 March 2015. The disposal was completed on 16 March 2015.

	16 March 2015 *HK$'000*
Cash consideration received	123,850
Analysis of assets and liabilities over which control was lost:	
Investment properties	125,000
Trade and other receivables, prepayments and deposits	257
Trade and other payables	(1,187)
Current income tax liabilities	(122)
Deferred income tax liabilities	(1,777)
Net assets disposed of	122,171
Gain on disposal of a subsidiary	1,679
Net cash inflow arising from disposal of a subsidiary	
Cash and cash equivalents received	123,850

SCOPE OF WORK OF THE GROUP'S AUDITOR

The figures in respect of the preliminary announcement of the Group's result for the year ended 31 March 2015 have been agreed by the Company's auditor, PricewaterhouseCoopers ("PwC"), to the amounts set out in the Group's draft 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 on the preliminary announcement.

FINAL DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 March 2015.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 24 July 2015 to Tuesday, 28 July 2015 (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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, 23 July 2015.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Tuesday, 28 July 2015, 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

Financial Overview

The board of directors (the "Board") of Man Sang International Limited (the "Company") is pleased to report the results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2015 ("FY15"). During FY15, the consolidated profit attributable to equity holders of the Company was HK$11.0 million (year ended 31 March 2014 ("FY14"): HK$68.5 million), representing a decrease of 83.9% as compared with that in FY14. Basic earnings per share was 0.84 HK cents (FY14: 5.35 HK cents), representing a decrease of 84.3% as compared with that in FY14.

Spin-off & Separate Listing of the Pearls and Jewellery Business

During FY15, the Group underwent a series of group restructuring to rationalize the Group's shareholding structure for the purpose of a spin-off and separate listing of Man Sang Jewellery Holdings Limited ("MS Jewellery"), a former wholly-owned subsidiary of the Company engaging in the Pearls and Jewellery Business.

On 25 June 2014, MS Jewellery submitted a listing application to the Stock Exchange for a separate listing on the Main Board of the Stock Exchange by way of introduction, through a distribution in specie by the Company of the entire issued share capital of MS Jewellery (the "Spin-off"). The Spin-off was subsequently completed on 17 October 2014 and MS Jewellery and its subsidiaries (the "MSJ Group") were no longer subsidiaries of the Group.

Following the completion of the Spin-off, the Group no longer engages in the Pearls and Jewellery Business. Going forward, the Group will continue to focus on the development, sales and leasing of properties in Mainland China, Hong Kong and overseas.

Business Review

Rental income generated from the investment properties of the Group continued to grow as a result of the improvement in rental rates during FY15. The Group is in the process of completing the construction of a commercial complex in China Pearls and Jewellery City ("CP&J City") which is expected to be completed in late 2015. Thereafter, the Group will develop a hotel which represents the last building construction of phase 1 of the CP&J City, however, the timing of which has yet to be determined.

Besides, the Group is also planning to roll out phase 2 of the development of CP&J City. The Group is in the process of negotiating with the local government about the development plan and the proposed acquisition is subject to auction/tender processes. It is preliminarily proposed that phase 2 of CP&J City will comprise residential apartments, commercial buildings and a market centre, however the development plan may be amended subject to the finalization of the negotiation which shall be agreed upon by both the Group and the PRC local government.

Financial Review

Revenue and Gross Profit

Property Segment

Revenue from the Property Segment was HK$73.4 million (FY14: HK$82.9 million) during FY15, which comprised rental income of HK$53.4 million (FY14: HK$43.5 million and sales of properties of HK$20.0 million (FY14: HK$39.4 million). CP&J City continues to contribute the most to the performance in the Property Segment, which accounted for 75.8% (FY14: 81.4%) of total revenue to the Property Segment in FY15.

Rental income increased by HK$9.9 million or 22.8% to HK$53.4 million (FY14: HK$43.5 million) for the year as a result of the increase in rental rates from the existing tenants. The revenue from sales of properties mainly represented sales of residential apartments and factories in CP&J City which were completed in prior years and has decreased by HK$19.4 million or 49.2% to HK$20.0 million (FY14: HK$39.4 million) during the year.

Gross profit attributable to the Property Segment increased by HK$7.7 million or 15.3% to HK$57.7 million (FY14: HK$50.0 million) in FY15 as a result of the increase in rental income with relatively higher gross profit margin as mentioned above. The gross profit margin increased by 18.3 percentage points from 60.3% in FY14 to 78.6% in FY15, which was mainly due to leasing business has a higher gross profit margin.

Pearl and Jewellery Segment

Revenue and gross profit from the Pearls and Jewellery Segment was HK$159.5 million (FY14: HK$268.5 million) and HK$59.8 million (FY14: HK$95.2 million) during the FY15. Profit for the year attributable to the Pearls and Jewellery Segment decreased by HK$29.6 million or 94.0% to HK$1.9 million (FY14: HK$31.5 million) during FY15. Such reduction was primarily due to (i) the discontinuation of the Pearls and Jewellery Segment upon the completion of the Spin-off; and (ii) the incurrence of an one-off and non-recurring listing expenses in connection with the listing of the shares of MS Jewellery on the Main Board of the Stock Exchange.

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

S&A expenses mainly comprised selling expenses of HK$11.4 million (FY14: HK$19.2 million) and administrative expenses of HK$86.1 million (FY14: HK$73.6 million). S&A expenses increased by HK$4.7 million or 5.1% to HK$97.5 million (FY14: HK$92.8 million) in FY15, which was primarily due to the one-off and non-recurring listing expenses related to the Spin-off during FY15.

Profit Attributable to Equity Holders of the Company

The profit attributable to equity holders of the Company decreased by HK$57.5 million or 83.9% to HK$11.0 million (FY14: HK$68.5 million) in FY15, which was principally due to (1) a comparatively lower increment in fair values of investment properties and investment properties under construction during the year; (2) the incurrence of listing expenses in relation to the Spin-off; and (3) the discontinuation of the pearls and jewellery business of the Group since October 2014 upon completion of the Spin-off.

Liquidity and Capital Resources

As at 31 March 2015, the Group's total equity, including non-controlling interests, was HK$879.5 million (2014: HK$1,073.7 million), representing a decrease of 18.1% from last year.

As at 31 March 2015, the Group had cash and bank balances of HK$364.3 million (2014: HK$392.4 million). Cash and bank balances were mainly denominated in United States dollars, Hong Kong dollars and Chinese Renminbi. The Group's working capital or net current assets were HK$138.0 million (2014: HK$271.5 million). The current ratio, represented by the current assets divided by the current liabilities, was 1.2 (2014: 1.4).

As at 31 March 2015, the Group's total borrowings, which were denominated in Hong Kong dollars and Chinese Renminbi, were HK$175.6 million (2014: HK$301.0 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 0.20 (2014: 0.28).

As at 31 March 2015, the Group had available banking facilities of HK$185.0 million (2014: HK$243.0 million) with various banks, of which the unused banking facilities amounted to HK$45.0 million (2014: HK$55.4 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 and bank deposits with an aggregate carrying amount of HK$445.1 million (2014: Leasehold property and investment properties of HK$544.0 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 FY14 and FY15.

Since Hong Kong dollars remain 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 currently has not entered into any foreign exchange contract as hedging measures. 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.

Financial guarantees

As at 31 March 2015, the Group had contingent liabilities of HK$26.6 million (2014: HK$27.4 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 2015, the Group had a total workforce of 100 (2014: 720), of whom 6 (2014: 56) were based in Hong Kong. The total staff cost, including directors' emoluments, share options benefit and mandatory provident fund, was approximately HK$48.2 million (2014: HK$81.5 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.

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 2015. 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. Chan Cheong Tat, Mr. Kiu Wai Ming and Mr. Lau Chi Wah, Alex in accordance with Rule 3.13 of the Listing Rules.

Mr. Lau Chi Wah, Alex and Mr. Kiu Wai Ming have served the Board of the Company for more than nine years. They have clearly demonstrated their willingness to exercise independent judgement and to provide objective challenges to the management. There is no evidence that length of tenure is having an adverse impact on their independence. The Board therefore considers that Mr. Lau Chi Wah, Alex and Mr. Kiu Wai Ming remain independent, notwithstanding the length of their tenure.

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 2015.

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 2015.

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 of directors (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 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 two Independent Non-Executive Directors, namely, 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.

Following the resignation of Mr. Fung Yat Sang as an Independent Non-Executive Directors and the Chairman of the Audit Committee on 16 October 2014, the number of Independent Non-Executive Directors of the Company fell below the minimum number required under Rule 3.10(1) of the Listing Rules and the Company failed to meet the requirement set out in Rule 3.10(2) of the Listing Rules. Further, the Company fails to meet the requirements set out in Rule 3.21 of the Listing Rules in respect of the constitution of the Audit Committee. According to Rule 3.11 and 3.23 of the Listing Rule, the Company is required to meet the requirements set out in Rule 3.10 and 3.21 within three months after failing to meet the requirement. Following the appointment of Mr. Chan Cheong Tat as an Independent Non-Executive Directors and the Chairman of the Audit Committee on 14 January 2015, the Board has fulfilled the requirements under Rules 3.10 and 3.21 of the Listing Rules in respect of the minimum number of the Independent Non-Executive Directors and the constitution of the Audit Committee of the Company, respectively.

Save as disclosed 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 2015 and, where appropriate, the applicable recommended best practices of the CG Code.

PROSPECTS

The Group will continue to focus on the development, sales and leasing of properties in Mainland China, Hong Kong and overseas. The Group is proactively considering to expand its footprints in different regions within the PRC, especially in the provincial capital cities where the demand for residential/commercial properties are enormous, using the development concept and experience of the CP&J City.

Apart from the PRC property market, the Group will also closely monitor market opportunities in Hong Kong and overseas to supplement its existing projects through onshore and/or offshore mergers and acquisitions, so as to create greater returns for the shareholders.

BOARD OF DIRECTORS

As at the date hereof, the executive directors of the Company are Mr. Cheng Sai, Mr. Leung Alex and Ms. Cheng Ka Man, Carman; the non-executive director of the Company is Mr. Cheng Tai Po (Chairman); whilst the independent non-executive directors of the Company are Mr. Chan Cheong Tat, Mr. Kiu Wai Ming and Mr. Lau Chi Wah, Alex.

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

Hong Kong, 21 May 2015

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.