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MAN SANG INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 938)

UNAUDITED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015 AND RESUMPTION OF TRADING

The board of directors (the “Board”) of Man Sang International Limited (the “Company”) refers to the announcement made by the Company on 26 November 2015 in relation to the mistaken uploading of the unaudited interim results announcement of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 September 2015 prior to its approval by the Board by the financial printer. That announcement has subsequently been cancelled. The Board is pleased to announce the unaudited financial results of the Group for the six months ended 30 September 2015 (approved by the Board on 26 November 2015), together with the unaudited comparative figures for the corresponding period in the year 2014.

	Six months ended 30 September		Increase	
	2015	2014		
	HK\$'000	HK\$'000	HK\$'000	Percentage
	(Unaudited)	(Unaudited)		
Revenue	118,895	27,909	90,986	326.0%
Gross profit	63,016	25,372	37,644	148.4%
Gross profit margin	53%	91%		
Profit attributable to equity holders of the Company:				
— from continuing operation	19,302	1,835		
— from discontinued operation	—	5,142		
	19,302	6,977	12,325	176.7%

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2015

		Six months ended 30 September	
		2015	2014
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Continuing operation			
Revenue	3	118,895	27,909
Cost of sales		<u>(55,879)</u>	<u>(2,537)</u>
Gross profit		63,016	25,372
Other income		–	872
Other gains, net		3,230	4,935
Selling expenses		(1,887)	(2,653)
Administrative expenses		<u>(13,666)</u>	<u>(18,681)</u>
Operating profit	5	50,693	9,845
Finance income		2,515	2,256
Finance cost		<u>(1,808)</u>	<u>(1,570)</u>
Finance income, net		707	686
Share of profit of an associate		<u>15</u>	<u>8</u>
Profit before income tax		51,415	10,539
Income tax expense	6	<u>(21,118)</u>	<u>(5,856)</u>
Profit for the period from continuing operation		30,297	4,683
Discontinued operation			
Profit for the period from discontinued operation	11	<u>–</u>	<u>5,142</u>
Profit for the period		<u>30,297</u>	<u>9,825</u>

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT (CONTINUED)
For the six months ended 30 September 2015

	Six months ended	
	30 September	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit attributable to equity holders of the Company:		
— from continuing operation	19,302	1,835
— from discontinued operation	—	5,142
	19,302	6,977
Profit attributable to non-controlling interests:		
— from continuing operation	10,995	2,848
— from discontinued operation	—	—
	10,995	2,848
Profit for the period	30,297	9,825
Earnings per share attributable to equity holders of the Company		
Basic and diluted		
— from continuing operation	1.30 HK cents	0.14 HK cents
— from discontinued operation	— HK cents	0.40 HK cents
	1.30 HK cents	0.54 HK cents

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2015

	Six months ended 30 September	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit for the period	30,297	9,825
Other comprehensive (loss)/income:		
Items that may be reclassified to profit or loss		
Exchange difference on translation of foreign operations	(43,179)	–
Items that may not be subsequently reclassified to profit or loss		
Increase in fair value of leasehold land and buildings, net of deferred income tax	–	1,384
Other comprehensive (loss)/income for the period, net of tax	(43,179)	1,384
Total comprehensive (loss)/income for the period	(12,882)	11,209
Attributable to:		
Equity holders of the Company	(11,875)	8,361
Non-controlling interests	(1,007)	2,848
	(12,882)	11,209
Total comprehensive (loss)/income attributable to equity holders of the Company for the period arising from:		
Continuing operation	(11,875)	2,102
Discontinued operation	–	6,259
	(11,875)	8,361

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 September 2015

		30 September 2015	31 March 2015
	Note	HK\$'000 (Unaudited)	HK\$'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties		895,233	939,994
Investment properties under construction		65,400	68,670
Property, plant and equipment		522	523
Prepayments		–	57
Other receivables	9	3,513	–
Investment in an associate		–	169
		<u>964,668</u>	<u>1,009,413</u>
Current assets			
Properties under development		38,553	155,986
Completed properties held for sale		345,024	278,572
Trade and other receivables	9	47,123	43,309
Financial assets at fair value through profit or loss		–	9,660
Restricted cash		–	100,000
Cash and cash equivalents		513,129	264,265
		<u>943,829</u>	<u>851,792</u>
Current liabilities			
Trade and other payables	10	380,554	455,564
Current income tax liabilities		126,582	116,392
Borrowings		36,000	137,800
Amount due to an associate		–	4,027
		<u>543,136</u>	<u>713,783</u>

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)*As at 30 September 2015*

	30 September 2015 HK\$'000 (Unaudited)	31 March 2015 HK\$'000 (Audited)
Net current assets	400,693	138,009
Total assets less current liabilities	1,365,361	1,147,422
Non-current liabilities		
Deferred income tax liabilities	219,041	230,112
Borrowings	–	37,800
	219,041	267,912
Net assets	1,146,320	879,510
EQUITY		
Equity attributable to equity holders of the Company		
Share capital	158,864	133,161
Reserves	837,034	594,920
	995,898	728,081
Non-controlling interests	150,422	151,429
Total equity	1,146,320	879,510

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 September 2015 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, ‘Interim Financial Reporting’. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

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 (“MS Jewellery”), a former wholly-owned subsidiary engaging in the pearls and jewellery business, by way of distribution in specie (the “Spin-off”). On 17 October 2014, the Spin-off was completed and the shares of MS Jewellery were listed on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”). As a result, the pearls and jewellery business was presented as a discontinued operation in the condensed consolidated financial statements for the six months ended 30 September 2014.

2. SIGNIFICANT ACCOUNTING POLICIES

Except as described below, accounting policies applied in the preparation of this condensed consolidated interim financial information are consistent with those of the annual financial statements for the year ended 31 March 2015, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The following amended standards are mandatory for the first time for the financial year beginning on or after 1 April 2015, but do not have significant financial impact to the Group:

HKAS 19 (Amendment)	Defined Benefit Plans
HKFRSs (Amendment)	Annual Improvements 2010–2012 Cycle and 2011–2013 Cycle

There are no other amended standards that are effective for the first time for this interim period that could be expected to have a material impact on this Group.

The following are standards and amendments to existing standards that have been published and are relevant to the Group, but are not effective for the accounting periods beginning on 1 April 2015 and have not been early adopted by the Group:

HKFRS 9 (2014)	Financial Instruments ²
HKAS 10 and HKAS 28 Amendments	Sale or Contribution of Assets Between an Investor and Its Associates or Joint Venture ¹
HKFRS 10, HKFRS 12 and HKAS 28 Amendments	Investment Entities: Applying the Consolidation Exception ¹
HKFRS 11 Amendment	Accounting for Acquisitions of Interests in Joint Operations ¹
HKFRS 14	Regulatory Deferral Accounts ¹
HKFRS 15	Revenue from Contracts with Customers ²
HKAS 1 Amendment	Disclosure Initiative ¹
HKAS 16 and HKAS 38 Amendments	Acceptable Methods of Depreciation and Amortisation ¹
HKAS 27 Amendment	Equity Method in Separate Financial Statements ¹
HKFRSs Amendments	Annual Improvements 2012-2014 Cycle ¹

¹ effective for annual periods beginning on or after 1 April 2016

² effective for annual periods beginning on or after 1 April 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Management is in the process of making an assessment of the likely impact of these changes but is not yet in a position to state whether any substantial changes to the Group's significant accounting policies and/or the presentation of its financial information will result.

Estimates

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2015.

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; and (iii) the amounts received and receivable in respect of leasing of investment properties.

	Six months ended	
	30 September	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Continuing operation:		
Sales of properties	92,312	2,017
Rental income	26,583	25,892
	118,895	27,909
Discontinued operation:		
Sales of pearls and jewellery	–	153,850
Total revenue	118,895	181,759

4. SEGMENT INFORMATION

The Group determines its operating segment based on the reports reviewed by the executive directors that are used to make strategic decisions. During the six months ended 30 September 2015, the Group's operating activity is attributable to a single operating segment focusing on development, investment, sales and leasing of properties.

For the six months ended 30 September 2014, the Group had two reportable segments. Details of the reportable segments are as follows:

- (i) Pearls and jewellery — Purchasing, processing, designing, production, wholesale distribution of pearls and jewellery products.

4. SEGMENT INFORMATION (CONTINUED)

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

As discussed in Note 11, 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 six months ended 30 September 2014.

	Continuing operation– Property HK\$'000 (Unaudited)		
Six months ended 30 September 2015			
Total segment revenue			118,895
Inter-segment revenue			–
Revenue from external customers			118,895
Segment profit			57,302
	Continuing operation– Property HK\$'000 (Unaudited)	Discontinued operation– Pearls and jewellery HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Six months ended 30 September 2014			
Total segment revenue	28,905	153,850	182,755
Inter-segment revenue	(996)	–	(996)
Revenue from external customers	27,909	153,850	181,759
Segment profit	17,881	8,116	25,997

4. SEGMENT INFORMATION (CONTINUED)

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

	Six months ended	
	30 September	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Total profit before income tax for reportable segments	57,302	25,997
Fair value change in financial assets at fair value through profit or loss	2,007	3,995
Dividend income	–	872
Share option expenses	–	(36)
Corporate expenses, net	(7,894)	(12,173)
Profit before income tax	51,415	18,655

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

	Property
	HK\$'000
	(Unaudited)
As at 30 September 2015	
Total assets for reportable segments	1,908,497
Corporate assets	–
Financial assets at fair value through profit or loss	–
Total assets	1,908,497
	Property
	HK\$'000
	(Audited)
As at 31 March 2015	
Total assets for reportable segments	1,815,689
Corporate assets	35,856
Financial assets at fair value through profit or loss	9,660
Total assets	1,861,205

5. OPERATING PROFIT

An analysis of the amounts presented as operating items charged/(credited) in the condensed consolidated interim financial information is given below.

	Continuing operation		Discontinued operation	
	Six months ended		Six months ended	
	30 September		30 September	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Cost of completed properties for sale	49,154	942	–	–
Fair value change in financial assets				
at fair value through profit or loss	(2,007)	(3,995)	–	–
Staff costs, including directors emoluments	7,175	7,352	–	31,495
Reversal of provision for inventory obsolescence	–	–	–	(2,305)
Provision for impairment of trade and				
other receivables	–	693	–	1,711
Depreciation of property, plant and equipment	201	421	–	2,874
Loss on disposals of property, plant and equipment	–	–	–	174

6. INCOME TAX EXPENSE

	Continuing operation	
	Six months ended	
	30 September	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current income tax:		
Hong Kong profits tax	–	(246)
PRC enterprise income tax	13,953	4,458
PRC land appreciation tax	8,861	2,447
	22,814	6,659
Deferred income tax	(1,696)	(803)
Net charge for the period	21,118	5,856

Hong Kong profits tax has been provided at a rate of 16.5% (2014: 16.5%) on the estimated assessable profits for the six months ended 30 September 2015.

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

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

7. DIVIDEND

At a meeting of the board of directors held on 26 November 2015, the directors resolved not to declare an interim dividend to shareholders for the six months ended 30 September 2015 (2014: Same).

8. EARNINGS PER SHARE

Basic:

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of shares in issue during the period.

	Six months ended 30 September	
	2015	2014
	(Unaudited)	(Unaudited)
From continuing operation:		
Profit attributable to equity holders of the Company (HK\$'000)	<u>19,302</u>	<u>1,835</u>
Weighted average number of shares in issue (thousands)	<u>1,487,164</u>	<u>1,280,190</u>
Basic earnings per share (HK cents per share)	<u>1.30</u>	<u>0.14</u>

	Six months ended 30 September	
	2015	2014
	(Unaudited)	(Unaudited)
From discontinued operation:		
Profit attributable to equity holders of the Company (HK\$'000)	<u>–</u>	<u>5,142</u>
Weighted average number of shares in issue (thousands)	<u>–</u>	<u>1,280,190</u>
Basic earnings per share (HK cents per share)	<u>–</u>	<u>0.40</u>

8. EARNINGS PER SHARE (CONTINUED)

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.

	Six months ended 30 September	
	2015	2014
	(Unaudited)	(Unaudited)
From continuing operation:		
Profit attributable to equity holders of the Company (HK\$'000)	<u>19,302</u>	<u>1,835</u>
Adjusted weighted average number of shares (thousands)	<u>1,487,594</u>	<u>1,293,138</u>
Diluted earnings per share (HK cents per share)	<u>1.30</u>	<u>0.14</u>

	Six months ended 30 September	
	2015	2014
	(Unaudited)	(Unaudited)
From discontinued operation:		
Profit attributable to equity holders of the Company (HK\$'000)	<u>–</u>	<u>5,142</u>
Adjusted weighted average number of shares (thousands)	<u>–</u>	<u>1,293,138</u>
Diluted earnings per share (HK cents per share)	<u>–</u>	<u>0.40</u>

9. TRADE AND OTHER RECEIVABLES

The Group grants a credit period of 60 days to certain 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 received within a short period of time, such that the impact of the time value of money impact is not significant.

As at 30 September 2015, included in trade and other receivables of the Group were trade receivables of HK\$11,573,000 (31 March 2015: HK\$1,223,000) and their ageing analysis is as follows:

	30 September 2015 HK\$'000 (Unaudited)	31 March 2015 HK\$'000 (Audited)
Not past due	4,796	1,223
1 to 60 days past due	5,772	–
61 to 120 days past due	1,005	–
	11,573	1,223

10. TRADE AND OTHER PAYABLES

The carrying amounts of the trade and other payables approximate their fair values as these financial liabilities, 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 impact is not significant.

As at 30 September 2015, included in trade and other payables of the Group are trade payables of HK\$3,206,000 (31 March 2015: HK\$860,000) and their ageing analysis is as follows:

	30 September 2015 HK\$'000 (Unaudited)	31 March 2015 HK\$'000 (Audited)
0 to 60 days past due	2,540	–
61 to 120 days past due	–	257
More than 120 days past due	666	603
	3,206	860

11. DISCONTINUED OPERATION

During the year ended 31 March 2015, the pearls and jewellery business had been distributed to the Company's shareholders upon the Spin-off. 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 the condensed consolidated financial statements for the six months ended 30 September 2014.

The profit for the six months ended 30 September 2014 from the discontinued operation is analysed as follows:

	Six months ended 30 September 2014 <i>HK\$'000</i> (Unaudited)
Revenue	153,850
Cost of sales	<u>(96,156)</u>
Gross profit	57,694
Other gains — net	261
Selling expenses	(5,152)
Administrative expenses	<u>(44,469)</u>
Operating profit	<u>8,334</u>
Finance income	285
Finance cost	<u>(503)</u>
	<u>(218)</u>
Profit before income tax	8,116
Income tax expense	<u>(2,974)</u>
Profit for the period	<u><u>5,142</u></u>

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 six months ended 30 September 2015 (the “Period” or “HY15”). During the Period, the unaudited consolidated profit attributable to equity holders of the Company was HK\$19.3 million (six months ended 30 September 2014 (“HY14”): HK\$1.8 million from continuing operation), representing an increase of HK\$17.5 million as compared to the corresponding period last year. Basic earnings per share was 1.30 HK cents (HY14: 0.54 HK cents), representing an increase of 140.7% as compared to the corresponding period last year.

BUSINESS REVIEW

The Group focuses on the development, sales and leasing of properties in Mainland China. During the Period, property sales volume and property price in small to medium cities in Mainland China remained subdued and continued to be under downward adjustment pressure. Nevertheless, the Group reported significant growth in revenue from the sale of properties in the China Pearls and Jewellery City (“CP&J City”) which was attributable to the completion of two residential apartments and a commercial complex where the relevant contracted sales were recognized during the Period. Rental income from the investment properties of the Group continued to grow as a result of the improvement in rental rates during the Period.

The Group is planning to 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 local government.

In June 2015, the Company had allotted and issued a total of 256,038,041 shares of the Company to a subscriber under the general mandate of the Company with net proceeds of approximately HK\$279.0 million. The allotment aimed to provide additional funds to strengthen the financial position and broaden the shareholder and capital base of the Group so as to facilitate future development as new business and development opportunities arise.

Following the completion of the allotment as mentioned above, in July 2015, the Group intended to acquire a group of companies which indirectly controlled a commercial property located in Guangzhou, the People’s Republic of China. The transaction was subsequently terminated as one of the condition precedents cannot be fulfilled. Notwithstanding this, the transaction reflects the Group’s strategy to invest in property-related projects, especially in the provincial capital cities, as and when the opportunities arise, using the Group financial resources and solid experience in property-related business.

The Group is proactively looking for and market opportunities in Mainland China and overseas to supplement its existing projects through mergers and acquisitions, so as to implement the Group's strategy to invest in property-related projects. Besides, the Group will continue to manage its liquidity vigilantly to maintain the cash flexibility in the prevailing unpredictable financial atmosphere.

FINANCIAL REVIEW

Revenue and gross profit

Revenue of the Group was HK\$118.9 million (HY14: HK\$27.9 million) during the Period, which comprised sales of properties of HK\$92.3 million (HY14: HK\$2.0 million) and rental income of HK\$26.6 million (HY14: HK\$25.9 million). CP&J City continues to contribute the most to the performance of the Group which accounted for 93.6% (HY14: 70.1%) of total revenue in this segment during the Period.

The revenue from sales of properties mainly represented sales of residential apartments and commercial plaza in CP&J City which were completed in the current period and has increased by HK\$90.3 million to HK\$92.3 million (HY14: HK\$2.0 million) during the Period. Rental income generated in the mainland China increased by HK\$0.7 million or 2.7% to HK\$26.6 million (HY14: HK\$25.9 million) for the Period as a result of the increase in rental rates from the existing tenants.

Gross profit of the Group increased by HK\$37.6 million or 148.0% to HK\$63.0 million (HY14: HK\$25.4 million) during the Period as a result of the increase in sales of the residential apartments and commercial plaza as mentioned above.

Selling and administrative expenses (the "S&A expenses")

S&A expenses mainly comprised selling expenses of HK\$1.9 million (HY14: HK\$2.7 million) and administrative expenses of HK\$13.7 million (HY14: HK\$18.7 million). S&A expenses decreased by HK\$5.8 million or 27.1% to HK\$15.6 million (HY14: HK\$21.4 million) during the Period which was primarily due to the one-off and non-recurring listing expenses related to the Spin-off during HY14.

Profit attributable to equity holders of the Company

The profit attributable to equity holders of the Company increased by HK\$17.5 million to HK\$19.3 million (HY14: HK\$1.8 million from continuing operation) primarily due to the sales of the newly completed residential apartments and commercial units in CP&J City.

LIQUIDITY, GEARING RATIO AND FINANCIAL RESOURCES

As at 30 September 2015, the Group's total equity, including non-controlling interests, was HK\$1,146.3 million (31 March 2015: HK\$879.5 million), representing an increase of 30.3%.

As at 30 September 2015, the Group had cash and bank balances of HK\$513.1 million (31 March 2015: HK\$364.3 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\$400.7 million (31 March 2015: HK\$138.0 million). The current ratio, represented by current assets divided by current liabilities, was 1.7 (31 March 2015: 1.2).

As at 30 September 2015, the Group's total borrowings, which were denominated in Chinese Renminbi (31 March 2015: Hong Kong dollar and Chinese Renminbi) were HK\$36.0 million (31 March 2015: HK\$175.6 million) and were interest-bearing. The Group does not currently use any derivatives to manage interest rate risk. Gearing ratio, represented by total borrowings divided by total equity, was 0.03 (31 March 2015: 0.20).

As at 30 September 2015, the Group had available banking facilities of HK\$45.0 million (31 March 2015: HK\$185.0 million) with various banks, of which the unused bank facilities amounted to HK\$45.0 million (31 March 2015: HK\$45.0 million). With the committed unused banking facilities in place and available cash and cash equivalents, the Group has adequate financial resources to meet our anticipated future liquidity requirements and capital expenditure commitment.

PLEDGE OF ASSETS

The Group's borrowings and banking facilities were secured by certain investment properties in Hong Kong and the PRC, and completed properties held for sale in the PRC with an aggregate carrying amount of HK\$344.4 million (31 March 2015: HK\$445.1 million).

CAPITAL EXPENDITURE

The Group's capital expenditure during the Period, which was primarily related to purchase of property, plant and equipment, amounted to HK\$0.2 million.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Group principally operates its businesses in Hong Kong and Mainland China. The Group is exposed to foreign exchange fluctuations from mainly Chinese Renminbi which is the main currency transacted by the Group during the Period.

The Group has subsidiaries operating in Mainland China, in which most of their transactions are denominated in Chinese Renminbi. The Group has not entered into any foreign exchange contract as hedging measures. The Group manages its foreign currency risk against Chinese Renminbi by closely monitoring its movement and may use hedging derivative, such as foreign currency forward contract, to manage its foreign currency risk as appropriate.

HUMAN RESOURCES

As at 30 September 2015, the Group had a total workforce of approximately 100. The total staff cost, including directors' emoluments, share options benefit and mandatory provident fund, was approximately HK\$7.2 million (HY14: HK\$38.8 million) during the Period. Employees were remunerated on the basis of their performance and experience. Remuneration package, including salary and year-end discretionary bonus, was determined by reference to market conditions and individual performance.

FINANCIAL GUARANTEES

As at 30 September 2015, the Group had maximum exposure of HK\$59.2 million (31 March 2015: HK\$26.6 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.

PROSPECTS

The Group is proactively considering to expand its footprints in different regions within the Mainland China, 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 Mainland China 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.

CORPORATE GOVERNANCE CODE

Man Sang International Limited (the "Company") and its subsidiaries (collectively 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").

Save as the deviation from the code provision A.4.1 of the CG Code as further detailed in the heading “Non-Executive Director” below, 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 six months ended 30 September 2015 and, where appropriate, the applicable recommended best practices of the CG Code.

According to the code provision A.4.1 as set out in the CG code, non- executive directors should be appointed for a specific term, subject to re- election. Although all three Independent Non-Executive Directors, namely Mr. Chan Cheong Tat, 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.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules on the Stock Exchange for securities transactions by the Directors. The Company confirms that, having made specific enquiry of all Directors, all of the Directors confirmed that they have complied with the required standard as set out in the Model Code throughout the six months ended 30 September 2015.

BOARD OF DIRECTORS

As at 30 September 2015 and the date of this report, the Board comprises five Executive Directors, namely Ms. Cheng Ka Man, Carman, Mr. Cheng Sai, Mr. Cheung Kwok Wai, Elton, Mr. Lei Hong Wai and Mr. Leung Alex, one Non-Executive Director, namely Mr. Cheng Tai Po (Chairman), and three Independent Non-Executive Directors, namely Mr. Chan Cheong Tat, Mr. Kiu Wai Ming and Mr. Lau Chi Wah, Alex.

PURCHASE, SALE OR REDEMPTION 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 six months ended 30 September 2015.

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The audit committee of the Company, which comprises three Independent Non-Executive Directors, namely Mr. Chan Cheong Tat, Mr. Lau Chi Wah, Alex and Mr. Kiu Wai Ming, has reviewed the unaudited interim results of the Group for the six months ended 30 September 2015 and has recommended their adoption to the Board.

In addition, the Company's auditor, PricewaterhouseCoopers, has also conducted a review of the aforesaid unaudited interim financial information in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange was halted with effect from 9:00 a.m. on 26 November 2015 due to the mistaken uploading of the unaudited interim results announcement of the Group for the six months ended 30 September 2015 by the financial printer prior to its approval by the Board. The Board has approved the unaudited interim results on 26 November 2015 and accordingly the Company has applied to the Stock Exchange for the resumption of trading in the shares of the Company with effect from 9:00 a.m. on 27 November 2015.

On behalf of the Board
Man Sang International Limited
CHENG TAI PO
Chairman

Hong Kong, 26 November 2015

As at the date of this announcement, the executive Directors are Ms. Cheng Ka Man, Carman; Mr. Cheng Sai, Mr. Cheung Kwok Wai, Elton, Mr. Lei Hong Wai and Mr. Leung Alex; the non-executive Director is Mr. Cheng Tai Po (Chairman); and the independent non-executive Directors are Mr. Chan Cheong Tat, Mr. Kiu Wai Ming and Mr. Lau Chi Wah, Alex.