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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 2016

	For the year ended 31 March		**Increase**	
	2016	2015		
	HK$'000	*HK$'000*	*HK$'000*	*Percentage*
Revenue	**190,698**	73,368	117,330	+159.9%
Gross profit	**107,616**	57,669	49,947	+86.6%
Gross profit margin	**56.4%**	78.6%		
Profit attributable to equity holders of the Company:				
— from continuing operation	**51,192**	9,095		
— from discontinued operation	**–**	1,884		
	51,192	10,979	40,213	+366.3%

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 2016, together with the comparative figures for the previous year, as follows:

Consolidated Income Statement
For the year ended 31 March

	Note	2016 HK$'000	2015 HK$'000
Continuing operation			
Revenue	2	**190,698**	73,368
Cost of sales	6	**(83,082)**	(15,699)
Gross profit		**107,616**	57,669
Other income	4	**1,264**	871
Other gains — net	5	**22,769**	13,925
Selling expenses	6	**(4,981)**	(5,807)
Administrative expenses	6	**(28,652)**	(36,751)
Increase in fair values of investment properties and investment properties under construction		**5,938**	28,697
Operating profit		**103,954**	58,604
Finance income	7	**4,305**	4,166
Finance costs	7	**(2,170)**	(5,109)
Finance income/(costs) — net		**2,135**	(943)
Share of profit/(loss) of an associate		**15**	(7)
Profit before income tax		**106,104**	57,654
Income tax expense	8	**(38,623)**	(43,202)
Profit for the year from continuing operation		**67,481**	14,452
Discontinued operation			
Profit for the year from discontinued operation	14	**–**	1,884
Profit for the year		**67,481**	16,336

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

	Note	**2016** **HK$'000**	2015 *HK$'000*
Profit attributable to equity holders of the company:			
— from continuing operation		**51,192**	9,095
— from discontinued operation		**–**	1,884
		51,192	10,979
Profit attributable to non-controlling interests:			
— from continuing operation		**16,289**	5,357
— from discontinued operation		**–**	–
		16,289	5,357
Profit for the year		**67,481**	16,336
earnings per share attributable to equity holders of the company	*9*		
Basic			
— from continuing operation		**3.33 hk cents**	0.70 hk cents
— from discontinued operation		**–**	0.14 hk cents
		3.33 hk cents	0.84 hk cents
Diluted			
— from continuing operation		**3.33 hk cents**	0.70 hk cents
— from discontinued operation		**–**	0.14 hk cents
		3.33 hk cents	0.84 hk cents

Consolidated Statement of Comprehensive Income
For the year ended 31 March

	2016 *HK$'000*	2015 *HK$'000*
Profit for the year	**67,481**	16,336
Other comprehensive (loss)/income:		
Item that may be reclassified to profit or loss		
Exchange difference on translation of foreign operations	**(42,201)**	–
Release of exchange reserve upon disposal of subsidiaries	**(20,349)**	–
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
Other comprehensive (loss)/income for the year	**(62,550)**	16,903
Total comprehensive income for the year, net of tax	**4,931**	33,239
Attributable to:		
Equity holders of the Company	**278**	27,882
Non-controlling interests	**4,653**	5,357
	4,931	33,239
Total comprehensive income attributable to equity holders of the Company for the year arising from:		
Continuing operation	**278**	24,881
Discontinued operation	**–**	3,001
	278	27,882

Consolidated Balance Sheet
As at 31 March

	Note	**2016** *HK$'000*	2015 *HK$'000*
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties		**736,680**	939,994
Investment properties under construction		**63,360**	68,670
Property, plant and equipment		**179**	523
Prepayments and other receivables	*11*	**2,931**	57
Investment in an associate		**–**	169
		803,150	1,009,413
Current assets			
Properties under development		**38,553**	155,986
Completed properties held for sale		**296,745**	278,572
Trade and other receivables	*11*	**226,447**	43,309
Financial assets at fair value through profit or loss		**–**	9,660
Restricted cash		**703**	100,000
Cash and cash equivalents		**462,378**	264,265
		1,024,826	851,792
Current liabilities			
Trade and other payables	*12*	**354,279**	455,564
Current income tax liabilities		**136,868**	116,392
Borrowings		**–**	137,800
Amount due to an associate		**–**	4,027
		491,147	713,783
Net current assets		**533,679**	138,009
Total assets less current liabilities		**1,336,829**	1,147,422

Consolidated Balance Sheet — *Continued*
As at 31 March

	2016	2015
	HK$'000	*HK$'000*
Non-current liabilities		
Deferred income tax liabilities	**172,696**	230,112
Borrowings	**–**	37,800
	172,696	267,912
Net assets	**1,164,133**	879,510
EQUITY		
Equity attributable to equity holders of the company		
Share capital	**158,864**	133,161
Reserves	**849,187**	594,920
	1,008,051	728,081
Non-controlling interests	**156,082**	151,429
Total equity	**1,164,133**	879,510

Notes:

1. BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and investment properties under construction, which are carried at fair values.

(i) New standards, revisions and amendments to existing standards effective for annual periods beginning 1 April 2015, relevant to the Group's operations and adopted by the Group:

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

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.

(ii) New Hong Kong Companies Ordinance (Cap. 622)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

(iii) New standards, amendments to existing standards and interpretations which have been issued but are not effective for the financial year beginning on 1 April 2015 and have not been early adopted:

Annual improvement Project	Annual Improvements 2012–2014 Cycle[1]
HKAS 1 (Amendment)	Disclosure Initiative[1]
HKAS 16 and HKAS 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
HKAS 16 and HKAS 41 (Amendment)	Agriculture: Bearer Plants[1]
HKAS 27 (Amendment)	Equity Method in Separate Financial Statements[1]
HKAS 9	Financial Instruments[2]
HKAS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its associate or Joint Venture[3]
HKFRS 10 and HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception[1]
HKFRS 11 (Amendment)	Accounting for Acquisition of interests in Joint Operations[1]
HKFRS 14	Regulatory Deferral Accounts[1]
HKFRS 15	Revenue from Contracts with Customers[2]

[1] Effective for financial years beginning on or after 1 April 2016
[2] Effective for financial years beginning on or after 1 April 2018
[3] Effective date to be determined

The Group has commenced an assessment of the impact of these new and amended standards, but is not yet in a position to state whether they would have a significant impact on its results of operations and financial position.

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

2. 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.

	2016	2015
	HK$'000	*HK$'000*
Continuing operation:		
Sales of properties	**138,320**	19,989
Rental income	**52,378**	53,379
	190,698	73,368
Discontinued operation:		
Sales of pearls and jewellery	**–**	159,477
Total revenue	**190,698**	232,845

3. SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the executive directors that are used to make strategic decisions. During the year ended 31 March 2016, the Group's operating activity is attributable to a single operating segment focusing on development, investment, sales and leasing of properties.

For the year ended 31 March 2015, the Group had two reportable operating segments. 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 2016:

	Continuing operation — Property *HK$'000*
Profit and loss items	
Segment revenue	**190,698**
Inter-segment revenue	**–**
Revenue from external customers	**190,698**
Segment operating profit	**97,258**
Finance income	**4,135**
Finance costs	**(1,532)**
Share of profit of an associate	**15**
Segment profit before income tax	**99,876**
Income tax expense	**(38,648)**
Segment profit for the year	**61,228**
As at 31 March 2016	
Balance sheet items	
Total segment assets	**1,261,984**
Total segment assets include:	
Additions (including transfer) to non-current assets (other than deferred income tax assets)	**28,590**
Total segment liabilities	**659,717**
Other information:	
Depreciation	**388**
Increase in fair values of investment properties and investment properties under construction	**5,938**

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 profit 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	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 tax assets)	64	–	64
Total segment liabilities	876,108	–	876,108
Other information:			
Depreciation	(1,180)	(2,874)	(4,054)
Amortisation	(8)	–	(8)
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

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

	2016 HK$'000	2015 HK$'000
Total profit before income tax for reportable segments	**99,876**	78,364
Fair value change in financial assets at fair value through profit or loss	**2,007**	6,607
Dividend income	**–**	871
Share options expenses	**–**	(66)
Gain on disposal of subsidiaries	**19,398**	1,679
Corporate finance costs, net	**(468)**	(3,340)
Corporate expenses	**(14,709)**	(21,598)
Profit before income tax from discontinued operation	**–**	(4,863)
Profit before income tax of the Group from continuing operations	**106,104**	57,654

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

	2016 HK$'000	2015 HK$'000
Total for reportable segments	**1,261,984**	1,815,689
Unallocated:		
Corporate assets	**565,992**	35,856
Financial assets at fair value through profit or loss	**–**	9,660
Total assets of the Group	**1,827,976**	1,861,205

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

	2016 HK$'000	2015 HK$'000
Total for reportable segments	**659,717**	876,108
Unallocated:		
Corporate liabilities	**4,126**	105,587
Total liabilities of the Group	**663,843**	981,695

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 Nil (2015: HK$30,593,000) and HK$190,698,000 (2015: HK$202,252,000) respectively.

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

For the year ended 31 March 2016

	Continuing operation — Property *HK$'000*
Mainland China (excluding Hong Kong)	**190,698**
	190,698

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

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 is Nil (2015: HK$295,000) and HK$803,150,000 (2015: HK$1,008,949,000) 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 2016 and 2015.

4. OTHER INCOME

Continuing operation	**2016** *HK$'000*	2015 *HK$'000*
Property management income	**1,264**	–
Dividend income from financial assets at fair value through profit or loss	**–**	871
	1,264	871

5. **OTHER GAINS — NET**

Continuing operation	**2016**	2015
	HK$'000	*HK$'000*
Exchange losses	**(481)**	(678)
Fair value change in financial assets at fair value through profit or loss	**2,007**	6,607
Gain on disposals of investment properties, net	**–**	2,362
Gain on disposal of subsidiaries *(note 14)*	**19,398**	1,679
Others	**1,845**	3,955
	22,769	13,925

6. **EXPENSES BY NATURE**

Continuing operation	**2016**	2015
	HK$'000	*HK$'000*
Costs of inventories and completed properties for sales	**79,957**	12,645
Employee benefit expenses (including directors' emoluments)	**18,955**	16,720
Auditor's remuneration		
— Audit services	**1,270**	1,350
— Other non-audit services	**770**	3,142
Depreciation of property, plant and equipment	**388**	1,180
Provision for impairment of trade receivables *(note 11)*	**–**	403
Operating lease rental on rented premises	**114**	669
Others	**15,261**	22,148
Total cost of sales, selling and administrative expenses	**116,715**	58,257

7. **FINANCE INCOME AND COSTS**

Continuing operation	**2016**	2015
	HK$'000	*HK$'000*
Finance income		
Interest income on short-term bank deposits	**2,708**	3,273
Other interest income	**1,597**	893
	4,305	4,166
Finance costs		
Interest expenses on borrowings	**(3,461)**	(10,960)
Amount capitalised on qualifying assets	**1,291**	5,851
	(2,170)	(5,109)
Finance income/(costs) — net	**2,135**	(943)

8. INCOME TAX EXPENSE

Continuing operation	**2016**	2015
	HK$'000	*HK$'000*
Current income tax:		
PRC corporate income tax	**24,540**	10,275
PRC land appreciation tax	**14,488**	3,586
	39,028	13,861
Over-provision in prior year:		
Hong Kong profits tax	**(25)**	(513)
Deferred income tax:		
Net (credit)/charge for current year	**(380)**	29,854
	38,623	43,202

Hong Kong profits tax

Hong Kong profits tax has been provided at a rate of 16.5% (2015: 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 a rate of 25% (2015: 25%) 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. 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.

	2016	2015
From continuing operation:		
Profit attributable to equity holders of the Company (HK$'000)	**51,192**	9,095
Weighted average number of shares in issue (thousands)	**1,538,469**	1,305,123
Basic earnings per share (HK cents per share)	**3.33**	0.70
From discontinued operation:		
Profit attributable to equity holders of the Company (HK$'000)	**–**	1,884
Weighted average number of shares in issue (thousands)	**–**	1,305,123
Basic earnings per share (HK cents per share)	**–**	0.14

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 Company has share options as dilutive potential shares for the year ended 31 March 2016 (2015: Same).

The calculation of diluted earnings per share amount for the year ended 31 March 2016 is based on the profit for the year attributable to equity holders of the Company of approximately HK$51,192,000 (2015: continuing operation: HK$9,095,000 discontinued operation: HK$1,884,000) and 1,538,675,000 (2015: 1,305,384,000) ordinary shares, which represented the weighted average number of 1,538,469,000 (2015: 1,305,123,000) ordinary shares in issue during the year and the weighted average number of 206,000 (2015: 261,000) ordinary shares deemed to have been issued at no consideration on the deemed exercise of all the outstanding share options during the year.

	2016	2015
From continuing operation:		
Profit attributable to equity holders of the Company (HK$'000)	**51,192**	9,095
Adjusted weighted average number of shares (thousands)	**1,538,675**	1,305,384
Diluted earnings per share (HK cents per share)	**3.33**	0.70
From discontinued operation:		
Profit attributable to equity holders of the Company (HK$'000)	**–**	1,884
Adjusted weighted average number of shares (thousands)	**–**	1,305,384
Diluted earnings per share (HK cents per share)	**–**	0.14

10. DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 March 2016 (2015: Nil).

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.

11. TRADE AND OTHER RECEIVABLES

	2016 *HK$'000*	2015 *HK$'000*
Trade receivables	**384**	2,625
Less: provision for impairment of trade receivables	**(384)**	(1,402)
Trade receivables — net	**–**	1,223
Deposits, prepayments and other receivables *(note (i))*	**229,378**	42,143
	229,378	43,366
Less: Non-current Portion		
Other receivables	**(2,931)**	(57)
Current Portion	**226,447**	43,309

Note (i): The balance mainly consists of a receivable for the consideration for the disposal of Man Sang Jewellery Company Limited amounting to HK$189,400,000 (Note 14(b)), which have been subsequently received in April 2016.

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:

	2016 *HK$'000*	2015 *HK$'000*
At beginning of the year	**1,402**	14,762
Provision for impairment losses	**–**	403
Amounts written off as uncollectible	**(968)**	–
Derecognised upon the Spin-off	**–**	(13,763)
Exchange differences	**(50)**	–
At end of the year	**384**	1,402

Included in trade and other receivables of the Group are trade receivables of HK$384,000 (2015: HK$2,625,000) and their ageing analysis based on due date is as follows:

	2016	2015
	HK$'000	*HK$'000*
Not past due	**–**	1,223
1 to 60 days past due	**–**	–
61 to 120 days past due	**–**	–
More than 120 days past due	**384**	1,402
	384	2,625

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 2016 and 2015, no trade receivable was past due but not impaired.

As of 31 March 2016, trade receivables of HK$384,000 (2014: HK$1,402,000) were impaired and provided for. The individually impaired receivables mainly relate to customers which are in unexpectedly difficult economic situations.

12. TRADE AND OTHER PAYABLES

	2016	2015
	HK$'000	*HK$'000*
Trade payables	**2,468**	860
Loans from minority shareholders *(note)*	**86,938**	86,938
Advance receipts from customers	**84,749**	146,150
Other accruals and other payables	**180,124**	221,616
	354,279	455,564

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:

	2016	2015
	HK$'000	*HK$'000*
0 to 60 days past due	**1,963**	–
61 to 120 days past due	**–**	257
More than 120 days past due	**505**	603
	2,468	860

The carrying amounts of trade and other payables approximate to their fair values.

13. CAPITAL COMMITMENT

	2016	2015
	HK$'000	*HK$'000*
Capital expenditure contracted for but not provided for in the consolidated financial statements:		
Construction of property	**4,326**	25,537

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

(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 ("Spin-off"), 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 for the year ended 31 March 2015.

The profit for the period from 1 April 2014 to 17 October 2014 from the discontinued operation is analysed as follows:

	For the period from 1 April 2014 to 17 October 2014
	HK$'000
Revenue	159,477
Cost of sales	(99,700)
Gross profit	59,777
Other gains — net	263
Selling expenses	(5,562)
Administrative expenses	(49,355)
Operating profit	5,123
Finance income	286
Finance cost	(546)
	(260)
Profit before income tax	4,863
Income tax expense	(2,979)
Profit for the period	1,884

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 10)*	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 from the discontinued operation is analysed as follows:

	Period from 1 April 2014 to 17 October 2014
	HK$'000
Operating cash flows	(107,275)
Investing cash flows	(2,389)
Financing cash flows	(1,200)
Total cash flows	(110,864)

(b) Disposal of subsidiaries:

During the year ended 31 March 2016, the Group entered into an agreement with Hua Yang Global Limited (a company wholly owned by Mr. Cheng Chung Hing, the major shareholder of the Group) to dispose of its entire equity interests in Man Sang Jewellery Company Limited and its subsidiaries (wholly-owned subsidiaries of the Group) for a total consideration of HK$189,400,000, consisting of HK$65,000,000 for the sales of shares of the disposed subsidiary and HK$124,400,000 for the sales of loan receivable from the disposed entities, which was determined with reference to their financial position as at 31 March 2016. The disposal was completed on 31 March 2016.

	31 March 2016
	HK$'000
Cash consideration	**189,400**
Less: Direct transaction costs in relation to the disposal	**(951)**
Net consideration	**188,449**
Analysis of assets and liabilities over which control was lost:	
Investment properties	**191,640**
Property, plant and equipment	**398**
Other receivables	**525**
Cash and cash equivalents	**56,083**
Other payables	**(9,386)**
Income tax liabilities	**(3,054)**
Deferred tax liabilities	**(46,806)**
Net assets disposed of	**189,400**
Add: Reclassification of exchange reserve upon disposal of subsidiaries	**20,349**
Gain on disposal of subsidiaries	**19,398**

Analysis of net cash outflow from disposals of subsidiaries:

	31 March 2016 *HK$'000*
Cash consideration	**189,400**
Less: considerations receivable from Hua Yang Global Limited	**(189,400)**
Cash consideration received during the year	**–**
Less:	
— cash and cash equivalents included in subsidiaries disposed of	**(56,083)**
— direct transaction costs in relation to the disposal	**(951)**
Net cash outflow from disposal of subsidiaries, net of cash disposed of	**(57,034)**

During the year ended 31 March 2015, 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

15. EVENT AFTER THE BALANCE SHEET DATE

On 8 April 2016, the Company, Xinli Holdings Limited (the "Vendor") and Ms. Wang Ming, the sole ultimate beneficial owner and director of the Vendor, entered into agreements, pursuant to which the Company has conditionally agreed to acquire and the Vendor has conditionally agreed to sell 100% equity interest in Gloryear Investments Limited (the "Target") and all amounts due from the Target to the Vendor for a total consideration of HK$1,468,000,000. The consideration will be satisfied by a combination of cash amounting to HK$300,000,000 and the issuance of promissory note with a face value of HK$1,168,000,000, 8% interest per annum and maturity date of 3 years. The Company has the option but not the obligation to redeem the promissory note at any time prior to the maturity date by giving the Vendor written notice. As at the date of this announcement, the transaction has yet to be completed.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet and the related notes thereto for the year ended 31 March 2016 as set out in the preliminary announcement of the Group's results for the year ended 31 March 2016 have been agreed by the Company's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers 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 PricewaterhouseCoopers on the preliminary announcement.

FINAL DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 March 2016.

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 2016 ("FY16"). During FY16, the consolidated profit attributable to equity holders of the Company was HK$51.2 million (year ended 31 March 2015 ("FY15"): HK$11.0 million), representing an increase of 365.5% as compared with that in FY15. Basic earnings per share was 3.33 HK cents (FY15: 0.84 HK cents), representing an increase of 296.4% as compared with that in FY15.

Business Review

The Group focuses on the development, sales and leasing of properties in Mainland China. During FY16, 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 FY16.

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.

In February 2016, the Group entered into an agreement to sell its entire interest in a wholly-owned subsidiary which owns, manages and operates 27 blocks of industrial properties in Shenzhen, the PRC (the "Disposal") with a consideration of HK$189.4 million. The Disposal has been completed in March 2016. The Disposal enables the Group to realise the current value of the Shenzhen Property in cash, enhance the Company's cashflow position and provide additional capital resources for the Company to capture other investment opportunities as and when they arise.

On 8 April 2016, the Company, Xinli Holdings Limited (the "Vendor") and Ms. Wang Ming, the sole ultimate beneficial owner and director of the Vendor, entered into agreements, pursuant to which the Company has conditionally agreed to acquire and the Vendor has conditionally agreed to sell 100% equity interest in Gloryear Investments Limited (the "Target") and all amounts due from the Target to the Vendor for a total consideration of HK$1,468,000,000. The consideration will be satisfied by a combination of cash amounting to HK$300,000,000 and the issuance of promissory note with a face value of HK$1,168,000,000, 8% interest per annum and maturity date of 3 years. The Company has the option but not the obligation to redeem the promissory note at any time prior to the maturity date by giving the Vendor written notice. As at the date of this announcement, the transaction has yet to be completed.

The Group is proactively looking for and market opportunities in Mainland China 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$190.7 million (FY15: HK$73.4 million) during FY16, which comprised sales of properties of HK$138.3 million (FY15: HK$20.0 million) and rental income of HK$52.4 million (FY15: HK$53.4 million). CP&J City continues to contribute the most to the performance of the Group which accounted for 92.1% (FY15: 75.8%) of total revenue in this segment during FY16.

The revenue from sales of properties mainly represented sales of residential apartments and commercial plaza in CP&J City which were completed in FY16 and has increased by HK$118.3 million to HK$138.3 million (FY15: HK$20.0 million) during FY16. Rental income decreased by HK$1.0 million or 1.9% to HK$52.4 million (FY15: HK$53.4 million) for FY16 as a result of the net effect of (1) the increase in rental rates from the existing tenants; and (2) disposal of a subsidiary which owns a rental income generated property in FY2015.

Gross profit of the Group increased by HK$49.9 million or 86.5% to HK$107.6 million (FY15: HK$57.7 million) during FY16 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$5.0 million (FY15: HK$5.8 million) and administrative expenses of HK$28.7 million (FY15: HK$36.8 million). S&A expenses decreased by HK$8.9 million or 20.9% to HK$33.7 million (FY15: HK$42.6 million) in FY16, which was primarily due to the one-off and non-recurring listing expenses related to the spin-off and separate listing of Man Sang Jewellery Holdings Limited during FY15.

Profit attributable to equity holders of the company

The profit attributable to equity holders of the Company from continuing operation increased by HK$42.1 million or 462.6% to HK$51.2 million (FY15: HK$9.1 million from continuing operation) in FY16, which was principally due to (1) the sales of the newly completed residential apartments and commercial units in CP&J City; and (2) a gain on disposal of subsidiaries in March 2016 of HK$19.4 million.

Liquidity and capital resources

As at 31 March 2016, the Group's total equity, including non-controlling interests, was HK$1,164.1 million (2015: HK$879.5 million), representing an increase of 32.4% from last year.

As at 31 March 2016, the Group had cash and bank balances of HK$463.1 million (2015: HK$364.3 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$533.7 million (2015: HK$138.0 million). The current ratio, represented by the current assets divided by the current liabilities, was 2.1 (2015: 1.2).

As at 31 March 2016, the Group did not have any borrowings (2015: HK$175.6 million). In 2015, gearing ratio, representing total borrowings divided by total equity, was 0.20.

As at 31 March 2015, the Group had available banking facilities of HK$185.0 million with various banks, of which the unused banking facilities amounted to HK$45.0 million.

As at 31 March 2015, 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.

Capital structure

During the year, the capital structure of the Company had the following changes:

(a) A total of 256,038,041 new shares were allotted and issued to Twin Success International Limited at the subscription price of HK$1.09 per share. The net proceeds from the subscription are approximately HK$279.0 million. The Company intends to use the net proceeds from the subscription to enlarge its capital base and prepare for any development opportunities as and when they arise; and

(b) In August 2016, the Company allotted and issued 1,000,000 new shares at a subscription price of HK$0.61 per share pursuant to the exercise of share options granted to a director of the Group under the Company's share option scheme.

Exposure to fluctuations in exchange rates

The Group principally engages its business operation in Hong Kong and Mainland China. The Group has subsidiaries operating in Mainland China, in which most of their transactions are denominated in Chinese Renminbi. The Group is exposed to foreign exchange fluctuations from Chinese Renminbi which is the main foreign currency transacted by the Group during the Period.

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.

Financial guarantees

As at 31 March 2016, the Group had contingent liabilities of HK$28.6 million (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.

Human resources and remuneration policy

As at 31 March 2016, the Group had a total workforce of 76 (2015: 100), of whom 6 (2015: 6) were based in Hong Kong. The total staff cost, including directors' emoluments, share options benefit and mandatory provident fund, was approximately HK$18.9 million (2015: HK$48.2 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.

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. The Group will closely monitor market opportunities to supplement its existing projects through mergers and acquisitions, so as to create greater returns for the shareholders.

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 2016. 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 in writing and obtain a written acknowledgement from the Chairman prior to any dealings in the Securities.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has 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, the accounting principles and practices adopted by the Group and discussed the internal control, risk management and financial reporting matters including the review of the consolidated financial statements of the Group for the year ended 31 March 2016.

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 2016.

CORPORATE GOVERNANCE CODE

The Group recognises the importance of achieving the highest standard of corporate governance consistent with the needs and requirements of its businesses and the best interest of all of its stakeholders, and the Board is fully committed to doing so. The Board believes that high standards of corporate governance provide a framework and solid foundation for the Group to manage business risks, enhance transparency, achieve high standard of accountability and protect stakeholders' interests.

The Group has adopted a corporate governance statement of policy which provides guidance on the application of the corporate governance principles on the Group, with reference to the 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.

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.

Save as disclosed above, in the opinion of the Directors, the Company has complied with all code provisions as set out in the CG Code throughout the year ended 31 March 2016 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.

The Group will also closely monitor market opportunities to supplement its existing projects through 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. Lei Hong Wai (Chairman), Ms. Cheng Ka Man, Carman, Mr. Cheung Kwok Wai, Elton and Mr. Leung Alex; 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, 26 May 2016

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.