Man Sang International Limited

(Incorporated in Bermuda with limited liability)

Stock Code: 938

Annual Report 2012

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Cheng Tai Po *(Deputy Chairman)*
Ms. Yan Sau Man, Amy
Mr. Zhang Huaqiao
(appointed as an executive director and chief executive officer on 20 September 2011 and resigned as an executive director and chief executive officer on 3 April 2012)

Non-Executive Directors

Mr. Cheng Chung Hing *(Chairman)*
Mr. Lee Kang Bor, Thomas
(re-designated as a non-executive director on 1 April 2011)

Independent Non-Executive Directors

Mr. Fung Yat Sang
Mr. Kiu Wai Ming
Mr. Lau Chi Wah, Alex

COMPANY SECRETARY

Mr. Leung Alex (appointed on 3 March 2012)
Mr. Pak Wai Keung, Martin (resigned on 3 March 2012)

AUDIT COMMITTEE

Mr. Fung Yat Sang *(Chairman)*
Mr. Kiu Wai Ming
Mr. Lau Chi Wah, Alex

REMUNERATION COMMITTEE

Mr. Kiu Wai Ming *(Chairman)*
Mr. Fung Yat Sang
Mr. Lau Chi Wah, Alex
Mr. Cheng Chung Hing
Mr. Cheng Tai Po

NOMINATION COMMITTEE

(effective from 1 April 2012)

Mr. Lau Chi Wah, Alex *(Chairman)*
Mr. Fung Yat Sang
Mr. Kiu Wai Ming
Mr. Cheng Chung Hing
Mr. Cheng Tai Po

AUDITOR

PricewaterhouseCoopers

LEGAL ADVISERS

As to Hong Kong law
Reed Smith Richards Butler

As to Bermuda law
Conyers Dill & Pearman

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Limited
Industrial and Commercial Bank of China (Asia) Limited

PRINCIPAL SHARE REGISTRAR

Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM08
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Secretaries Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Hong Kong

LISTING INFORMATION

The Stock Exchange of Hong Kong Limited
Ordinary Share (Stock Code: 938)

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

PRINCIPAL PLACE OF BUSINESS

Suite 2208, 22th Floor
Sun Life Tower, The Gateway
15 Canton Road, Tsimshatsui
Kowloon
Hong Kong

COMPANY WEBSITE

www.man-sang.com

Corporate Profile

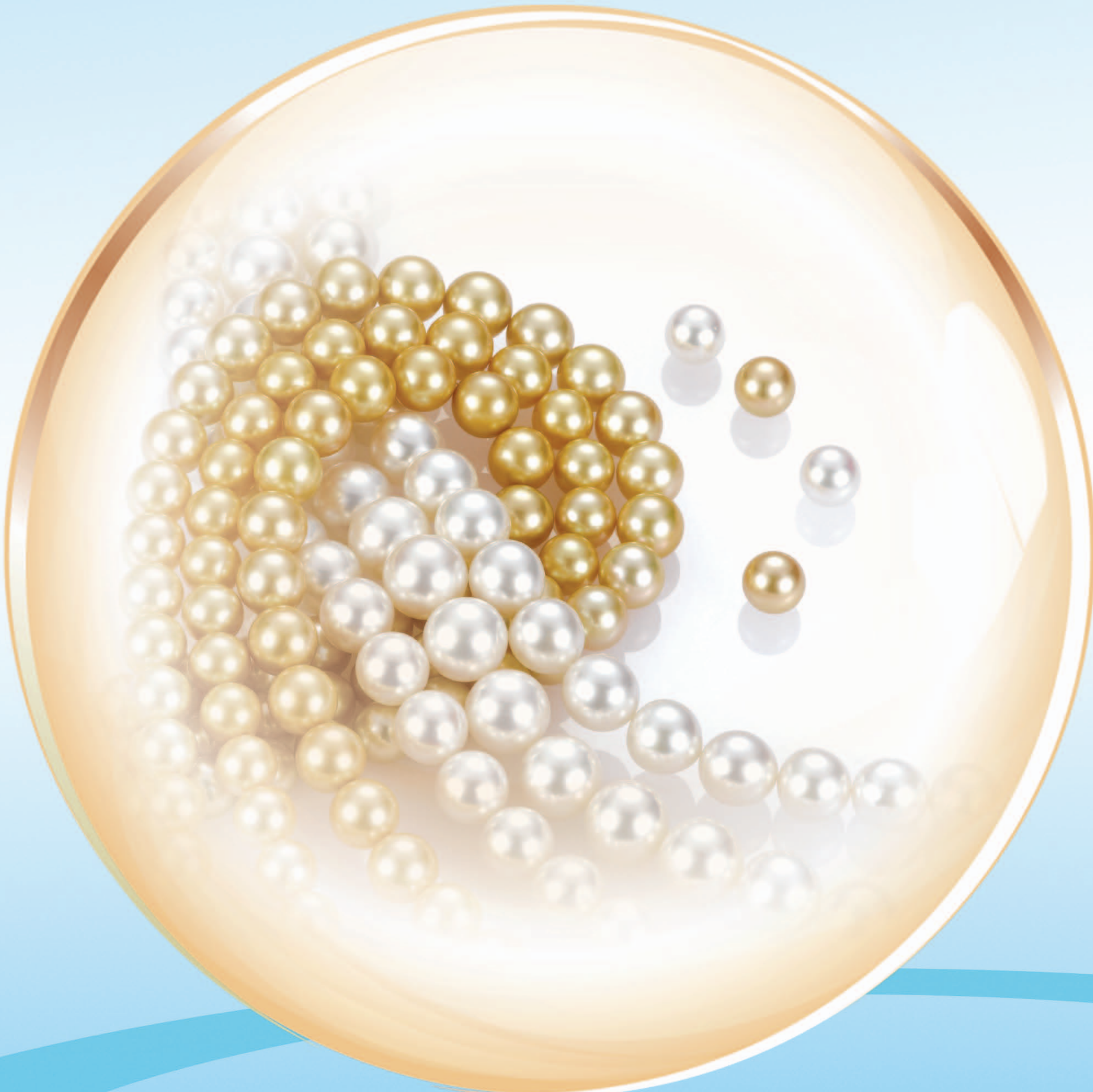
Man Sang International Limited (the "Company") and its subsidiaries (collectively the "Group") have two main business segments: (i) purchasing, processing, assembling, merchandising and wholesale distribution of pearls and jewellery products (the "Pearls and Jewellery Segment"); and (ii) property development and investment (the "Property Development and Investment Segment"). The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 1997 under the stock code of 938.

The Group is one of the world's largest merchants, purchasers and processors of pearls. The processing, manufacturing and assembling of pearls and jewellery products are conducted at the Group's self-owned facilities, Man Sang Industrial City, which is located in Shenzhen, the People's Republic of China (the "PRC"). There are 27 blocks of buildings with total gross floor area of approximately 76,000 square meters within Man Sang Industrial City.

With the Group's extensive experience in the pearl business gained over the past years, the Group has, together with six other major pearls and jewellery companies in the PRC, developed a large-scale international pearl and jewellery trading platform, which is known as China Pearls and Jewellery City ("CP&J City") and is located in Zhuji of Zhejiang, the PRC, since 2006. CP&J City is designed to be the world's largest pearl and jewellery trading platform which provides facilities for processing, manufacturing, research and development, and trading of pearl and jewellery products, as well as related supporting services including logistics, electronic commerce, exhibition and convention, accommodation, catering and entertainment.

The Directors have been actively seeking other suitable business opportunities in order to diversify the existing business of the Group with a view to achieving significant growth potential. In particular, the Group will continue to explore opportunities in the financing service industry in Hong Kong and the PRC in order to maximize shareholders' value in the coming future.

Pearls



Pearl products include Chinese cultured pearls, Chinese freshwater pearls, Japanese cultured pearls, Tahitian pearls and South Sea pearls. Products are principally sold to jewellery manufacturers, wholesalers, distributors and merchandisers throughout the world.

Financial Highlights

Key Financial Performance

Income Statement	2012	Year ended 31 March 2011	change	%
Revenue (HK$'000)	**370,236**	401,854	(31,618)	–7.9%
Gross profit (HK$'000)	**157,150**	139,406	17,744	+12.7%
Profit before income tax (HK$'000)	**122,209**	92,426	29,783	+32.2%
Profit for the year (HK$'000)	**82,179**	63,908	18,271	+28.6%
Profit attributable to the equity holders of the Company (HK$'000)	**56,024**	54,753	1,271	+2.3%
Basic earnings per share (HK cent)	**4.51**	4.46	0.05	+1.1%
Diluted earnings per share (HK cent)	**4.47**	4.38	0.09	+2.1%
Full year dividend per share (HK cent)	**25.00**	—	25.00	+100.0%

Balance Sheet	2012	As at 31 March 2011	change	%
Net assets (HK$'000)	**1,456,546**	1,357,015	99,531	+7.3%
Cash and cash equivalents (HK$'000)	**605,099**	606,806	(1,707)	–0.3%
Borrowings (HK$'000)	**184,500**	95,200	89,300	+93.8%
Shareholders' equity (HK$'000)	**1,290,217**	1,225,412	64,805	+5.3%

Key Financial Ratios

	2012	2011
Gross profit margin(1)	**42.4%**	34.7%
Return on equity(2)	**4.3%**	4.5%
Current ratio (times)(3)	**2.0**	1.8
Gearing ratio(4)	**0.13**	0.07

(1) Gross profits margin represents gross profit divided by revenue of the Group.

(2) Return on equity is defined as the ratio of profit attributable to equity holders of the Company to total equity attributable to equity holders of the Company.

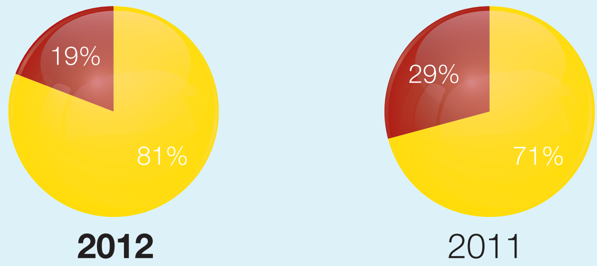
(3) Current ratio is defined as the ratio of total current assets to total current liabilities.

(4) Gearing ratio represents total borrowings, including current and non-current portion, divided by total equity.

All Segments

1) Revenue by business segment

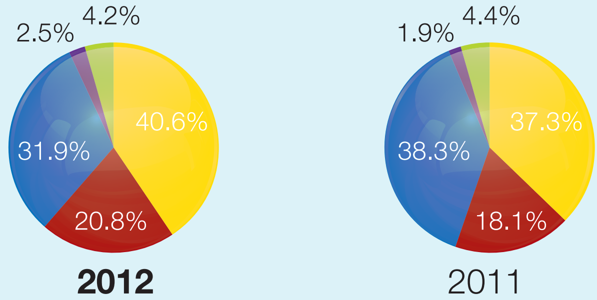
- Pearls and Jewellery Segment
- Property Development and Investment Segment



All Segments

2) Revenue by geographical segment

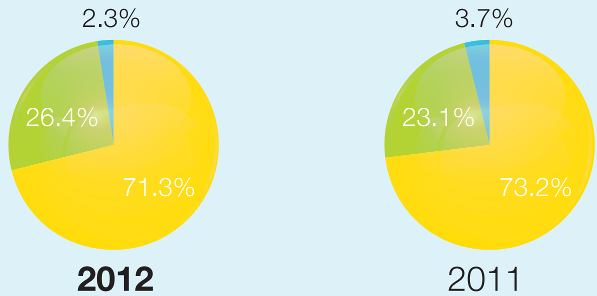
- Hong Kong
- Europe
- North America
- Other Asian Countries
- Other



Pearl and Jewellery Segment

3) Revenue by Product

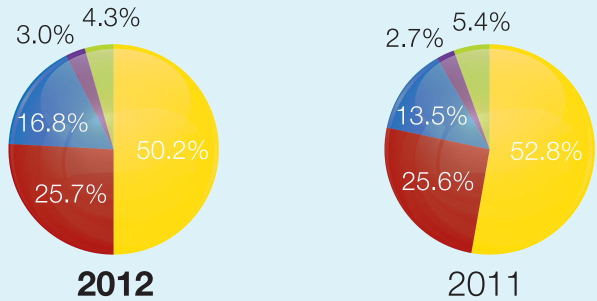
- Saltwater Pearls
- Freshwater Pearls
- Assembled Jewellery



Pearl and Jewellery Segment

4) Revenue by geographical segment

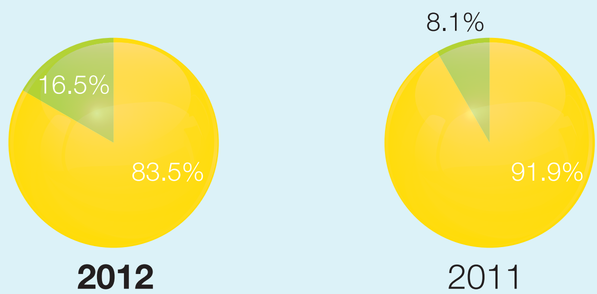
- Hong Kong
- Europe
- North America
- Other Asian Countries
- Other



Property Development and Investment Segment

5) Revenue by business sector

- China Pearls & Jewellery City
- Other Properties in the PRC & HK



Highlights of the Year 2011/2012

3-6 June 2011

Participated in JCK Show — Las Vegas, the United States

23-26 June 2011

Participated in June Hong Kong Jewellery & Gem Fair

15 August 2011

2011 Annual General Meeting at The Royal Garden

19-25 September 2011

Participated in September Hong Kong Jewellery & Gem Fair

Photo taken in Hong Kong International Jewellery Show

Highlights of the Year 2011/2012

24-27 November 2011

Participated in Hong Kong International Jewelry Manufacturers' Show

10-13 February 2012

Participated in China International Gold, Jewellery and Gem Fair

16-20 February 2012

Participated in Hong Kong International Jewellery Show

8-15 March 2012

Participated the Baselworld 2012 — World Watch & Jewellery Show

Photo taken in Hong Kong International Jewellery Show

Assembled Jewellery

The Group offers customers with a comprehensive range of assembled jewellery. The jewellery assembled by the Group are set with precious stones, gold, platinum, silver and other accessories. These jewellery sets include assembled necklaces, earrings, brooches, rings, pendants and bracelets.

Chairman's Statement

Cheng Chung Hing
Chairman

On behalf of the board of directors, I am pleased to present the results of operations of Man Sang International Limited ("the Company") and its subsidiaries (collectively the "Group") for the year ended 31 March 2012 ("FY12").

Performance

The Group recorded profit attributable to equity holders of the Company of HK$56.0 million and basic earnings per share of HK4.51 cents in FY12, as compared to a profit of HK$54.8 million and basic earnings per share of HK4.46 cents for the year ended 31 March 2011 ("FY11").

The Group's revenue decreased by HK$31.7 million or 7.9% from HK$401.9 million in FY11 to HK$370.2 million in FY12, while the gross profit increased by HK$17.8 million or 12.7% from HK$139.4 million in FY11 to HK$157.2 million in FY12.

The past financial year has been a year full of challenges. The euro-zone debt crisis and first ever downgrade of the United States treasury securities caused turbulence and seriously affected confidence in the global financial market. In particular, the looming Euro crisis in the second half of 2011 had a negative impact on the debt capital markets in Asia. The price of gold kept rising during first 3 quarters of 2011 until it peaked in September at over US$1,900/oz. The demand for gold was strong that the turnover of gold articles rose approximately 70% over the past year in Hong Kong and the People's Republic of China (the "PRC").

In China, the Central Government continues to implement tight control on bank credit policies in order to limit the inflation rate which has caused market interest rates to maintain at a relatively high level. Accordingly, the funding available for property purchasers have been squeezed and hence it is expected that the development and property sale in the PRC will be adversely affected by such credit control policy.

It is widely expected that the economic growth in mainland China will slow down in the coming year. Notwithstanding this, the targeted GDP growth rate of 7.5% in mainland China for the full fiscal year ending 31 December 2012 is still remarkable in comparison with other countries around the globe. On the other hand, the required reserve ratio set by the People's Bank of China remains relatively high, despite the fact that such reserve ratio has been reduced in November 2011 and again in February 2012. This implies that the PRC government will continue to adopt a rather prudent monetary policy in the foreseeable future.

Dividend

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

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

Prospects

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

Heart-felt Thanks

On behalf of the Company, I would like to take this opportunity to express my heartfelt gratitude to all our shareholders, customers and other business partners for their long-term attention and support to the Group over these years. I would also like to thank the senior management team and all staff of the Group for their dedication and hard work to the Group during the past year.

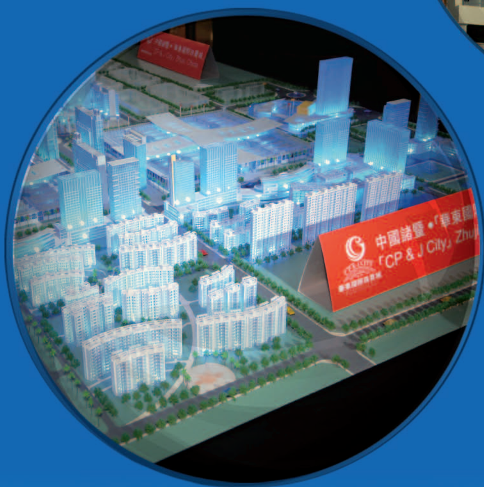
Cheng Chung Hing
Chairman

Hong Kong, 25 June 2012

China Pearls Jewellery City

Apartment
Building

Factories



Office and Commercial
Complex Building

Phase I Market Centre

Corporate Structure

Man Sang International Limited
(Incorporated in Bermuda with limited liability)
(Stock Code: 938)

Pearls and Jewellery Segment

- Man Sang Jewellery Company Limited (100%)
- Arcadia Jewellery Limited (100%)
- Man Hing Industry Development (Shenzhen) Co., Ltd. (Note 1) (100%)

Property Development and Investment Segment

CP&J City in Zhejiang

- China Pearls and Jewellery International City Co., Ltd. (55%)

In Hong Kong and Shenzhen

- Swift Millions Limited (100%)
- Man Hing Industry Development (Shenzhen) Co., Ltd. (Note 1) (100%)

* *This corporate structure comprised only the major operating subsidiaries of the Group.*

Note:

1. *Man Hing Industry Development (Shenzhen) Co., Ltd. is engaged in pearls and jewellery operation and real estate operation.*

Management Discussion and Analysis

BUSINESS REVIEW

Overview

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

Pearls and Jewellery Operation

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

Property Development and Investment Operation

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

Recent Development

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

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

FINANCIAL REVIEW

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

Revenue and Gross Profit

Pearl and Jewellery Segment

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

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

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

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

Property Development and Investment Segment

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

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

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

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

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

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

Profit Attributable to Equity Holders of the Company

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

Liquidity and Capital Resources

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

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

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

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

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

Treasury Policy

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

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

Contingent Liabilities

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

Human Resources

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

Profile of Directors and Senior Management

Chairman

Mr. CHENG Chung Hing, aged 51, has been an Executive Director and the Chairman of the Company since 1997 and has been re-designated as a Non-Executive Director of the Company since 6 October 2009. He provides leadership to the Company, and, with the support from other members of the Board, is responsible for the formulation and development of corporate policies and business strategies, as well as the overall management of the Group. He was awarded the "Young Industrialist Awards of Hong Kong 1997" by the Federation of Hong Kong Industries and the "Distinguished International Entrepreneur of the Year Award 1997" by San Francisco State University and the "Chinese Outstanding Entrepreneur Award 2008" by the China Enterprise Confederation and the China Enterprise Directors Association. He is currently a member of the Guangxi Committee of the Chinese People's Political Consultative Conference and the Shenzhen Committee of the Chinese People's Political Consultative Conference, vice chairman of the China Chamber of International Commerce, honorary life president of the Hong Kong Gemstone Manufacturers' Association Limited, foundation honorary chairman of the Gem and Jewellery Committee of China General Chamber of Commerce and honorary chairman of the Zhejiang Pearl Trade Association. He has over 30 years of experience in pearl and jewellery businesses. Mr. Cheng is currently a director of China Metro-Rural Holdings Limited, a company listed on NYSE Amex (ticker symbol: CNR). He is also a co-chairman and executive director of China South City Holdings Limited (a company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (stock code: 1668)). Mr. Cheng is the younger brother of Mr. Cheng Tai Po and Mr. Cheng Sai.

Executive Directors

Mr. CHENG Tai Po, aged 60, has been an Executive Director and the Deputy Chairman of the Company since 1997. He is responsible for the Group's pearl purchasing and processing, and has developed a special pearl processing technique as well as a special grading system which is used by a large number of the Group's customers. Mr. Cheng is a board member of the Zhanjiang Ocean University, the People's Republic of China ("PRC") and a general committee member of the Hong Kong Jewellery Manufacturers' Association. Over the years, Mr. Cheng has developed close working relationships with many pearl suppliers which enable him to build up a strong and reliable supply network. He has over 30 years of experience in pearl business. Mr. Cheng is currently the vice chairman of the board of director of China Metro-Rural Holdings Limited, a company listed on NYSE Amex (ticker symbol: CNR). He is also a non-executive director of China South City Holdings Limited (a company listed on the Stock Exchange (stock code: 1668)). He is the elder brother of Mr. Cheng Chung Hing and Mr. Cheng Sai.

Ms. YAN Sau Man, Amy, aged 49, has been an Executive Director of the Company since August 1997. She, together with other members of the Board, is responsible for the overall management of the Group as well as the formulation, development and implementation of the Group's corporate policies, business strategies and overall sales and marketing strategies. Ms. Yan has over 25 years of experience in the selling and marketing of pearl and she also has extensive experience in the jewellery business.

Non-Executive Director

Mr. LEE Kang Bor, Thomas, aged 58, was an Independent Non-Executive Director of the Company since June 2004. He had been re-designated as an Executive Director and appointed as the Chief Executive Officer ("CEO") of the Company with effect from 1 September 2009. He resigned as the CEO of the Company on 31 March 2011 and has been re-designated as a Non-Executive Director of the Company with effect from 1 April 2011. He has over 15 years' experience in business management, mergers and acquisitions, financial advisory, accounting, taxation, and corporate advisory in Hong Kong and China. He is currently an independent non-executive director of Sparkle Roll Group Limited (a company listed on the Stock Exchange (stock code: 970)) and is also an independent non-executive director and chairman of the audit and remuneration committee of CIG Yangtze Ports PLC (a company listed on the Stock Exchange (stock code: 8233)). Mr. Lee possesses various professional qualifications. He graduated from the University of London with a bachelor's degree and a master's degree in laws, and was called to the Bar of the Lincoln's Inn in 1990. Mr. Lee is currently a member of the Society of Trust and Estate Practitioners, The Institute of Chartered Secretaries and Administrators in the United Kingdom and The Hong Kong Institute of Chartered Secretaries. He is also a fellow member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants, the Taxation Institute of Hong Kong and the Hong Kong Institute of Directors. Mr. Lee served as the president of the Taxation Institute of Hong Kong from 1999 to 2002, and is currently serving as the deputy president of the Asia-Oceania Tax Consultants' Association and a vice president of the Hong Kong Professionals and Senior Executives Association.

Independent Non-Executive Directors

Mr. FUNG Yat Sang, aged 60, has been an Independent Non-Executive Director of the Company since September 2009. He has over 30 years of financial management experience and held senior management positions in various multinational corporations in Hong Kong, Australia, Thailand and China. Mr. Fung is a fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants in United Kingdom and a member of the CPA Australia.

Mr. KIU Wai Ming, aged 63, has been an Independent Non-Executive Director of the Company since September 2004. He has been in the banking and finance field for over 30 years. He is currently an executive director and the chief executive officer of Walker Group Holdings Limited (a company listed on the Stock Exchange (stock code: 1386)). He is also an independent non-executive director of CCB International (Holdings) Ltd.. Mr. Kiu holds a bachelor's degree in economics and marketing from Louisiana State University, the United States of America.

Mr. LAU Chi Wah, Alex, aged 48, has been an Independent Non-Executive Director of the Company since September 2004. Mr. Lau is a member of the Institute of Chartered Accountants in England and Wales. He holds a bachelor's degree in accounting from University of East Anglia, United Kingdom. Mr. Lau manages initial public offerings and fund-raising exercises and advises listed companies on mergers and acquisitions, takeovers, buyouts and other corporate transactions. He has over 25 years of experience in corporate finance and accounting.

Senior Management

Mr. LEUNG Alex, aged 33, is the Group Chief Financial Officer and Company Secretary of the Group. Mr. Leung had worked for two international accounting firms in Hong Kong before joining. He is responsible for the financial and accounting management, corporate governance affairs and merger and acquisition activities of the Group. Mr. Leung is a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of the CPA Australia. He has more than 10 years of experience in auditing, accounting and corporate management.

Mr. CHENG Sai, aged 55, is the General Manager of Man Hing Industry Development (Shenzhen) Co., Ltd ("Man Hing"). He is responsible for the overall operations of Man Hing. Mr. Cheng has over 20 years of experience in pearl business. He is the brother of Mr. Cheng Chung Hing and Mr. Cheng Tai Po.

Corporate Governance Report

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 year ended 31 March 2012 and, where appropriate, the applicable recommended best practices of the CG Code.

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 regarding Directors' securities transactions. All Directors have confirmed, upon specific enquiry by the Company, that they have complied with the required standard set out in the Model Code during the year ended 31 March 2012. 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 Securities.

Board of Directors

The Board currently comprises two Executive Directors, namely Mr. Cheng Tai Po (Deputy Chairman) and Ms. Yan Sau Man, Amy, two Non-Executive Directors, namely Mr. Cheng Chung Hing (Chairman) and Mr. Lee Kang Bor, Thomas, and three Independent Non-Executive Directors, namely Mr. Fung Yat Sang, Mr. Kiu Wai Ming and Mr. Lau Chi Wah, Alex.

On 20 September 2011, Mr. Zhang Huaqiao was appointed as an Executive Director and Chief Executive Officer ("CEO") of the Company. Subsequent to year end, on 3 April 2012, Mr. Zhang resigned as an Executive Director and CEO to pursue his personal businesses.

The biographies of the Directors are set out in "Profile of Directors and Senior Management" on pages 20 to 21 of this annual report.

The Board has maintained the necessary balance of skills and experience appropriate for the business requirements and objectives of the Group and for the exercise of independent judgement. Each Director with various professional qualification, experience and related financial management expertise have contributed to the effective direction of the Company and provided adequate checks and balances to safeguard to the interests of both the Group and the shareholders. Hence, the Board believes that the current Board composition satisfy the balance of expertise, skills and experience to the corporate governance requirements of the Group as well as the ongoing development and management of its business activities.

The Board is responsible for the overall management of the Group, which includes leadership and control of the Company and oversees the Group's businesses, strategic decisions, internal control, risk management and performances. The management is delegated with the authority and responsibility by the Board for the day-to-day management of the Group. The delegated functions and work tasks are periodically reviewed. Major corporate matters that are specifically delegated by the Board to the management include the preparation of interim and annual reports and announcements for Board approval before publishing, execution of business strategies and initiatives adopted by the Board, implementation of adequate systems of internal controls and risk management procedures, and compliance with relevant statutory and regulatory requirements and rules and regulations.

Pursuant to the bye-laws of the Company, all Directors appointed to fill a causal vacancy shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at the meeting. At each annual general meeting, one third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years.

During the year ended 31 March 2012, the Board had five scheduled meetings. The attendances of the Directors at the Board meetings are as follows:

Directors	**Number of Attendance**
Mr. Cheng Chung Hing	5/5
Mr. Cheng Tai Po	5/5
Mr. Zhang Huaqiao*	3/3
Ms. Yan Sau Man, Amy	5/5
Mr. Lee Kang Bor, Thomas	5/5
Mr. Fung Yat Sang	5/5
Mr. Kiu Wai Ming	5/5
Mr. Lau Chi Wah, Alex	5/5

* Mr. Zhang Huaqiao was appointed as an Executive Director and CEO of the Company since 20 September 2011 and resigned as Executive Director and CEO of the Company on 3 April 2012.

Save for the family relationships disclosed in the Profile of Directors and Senior Management set out on pages 20 to 21 of this annual report, the Directors do not have material financial, business or other relationships with one another.

Chairman and Chief Executive Officer

The roles of the Chairman and the CEO of the Group are clearly defined and segregated to ensure independence and proper checks and balances. The Chairman focuses on the business strategy and direction of the Company and has executive responsibilities, provides leadership for the Board and ensures proper and effective functioning of the Board in discharging of its responsibilities. The CEO is accountable to the Board for the overall implementation of the Company's strategies and the co-ordination of overall business operations.

Following the resignation of Mr. Lee Kang Bor, Thomas as the CEO of the Company on 31 March 2011, the post of CEO had been vacant until the appointment of Mr. Zhang Huaqiao on 20 September 2011. Subsequent to year end, on 3 April 2012, Mr. Zhang Huaqiao resigned as CEO of the Company and there is no officer carrying the title of CEO up to the date of this annual report.

During the absence of the CEO in the aforesaid periods, the duties of the CEO have been/will be undertaken by other executive members of the Board, namely Mr. Cheng Tai Po and Ms. Yan Sau Man, Amy, therefore, in the opinion of the Directors, the roles of the Chairman and the CEO have been/will be properly segregated in the absence of an officer carrying the title of CEO. The Company is in process of identifying a suitable candidate with appropriate experience as CEO to carry out its duties of overall implementation of the Company's strategies and the co-ordination of overall business operations.

Non-Executive Directors

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

Audit Committee

An Audit Committee has been established by the Board with specific written terms of reference and all members of the Audit Committee are Independent Non-Executive Directors. Pursuant to the Audit Committee's terms of reference, the Audit Committee is authorised to commit Company funds in order to obtain advice from outside legal counsel, accountants, investigatory services or other expert advice. Details of the authority and responsibilities of the Audit Committee are available on the Company's and the Stock Exchange's websites.

The Audit Committee comprises three Independent Non-Executive Directors, namely Mr. Fung Yat Sang, Mr. Kiu Wai Ming and Mr. Lau Chi Wah, Alex. Mr. Fung Yat Sang is the chairman of the Audit Committee.

During the year ended 31 March 2012, the Audit Committee held two meetings to review the annual results for the year ended 31 March 2011 and the interim results for the six months ended 30 September 2011 before their submission to the Board and monitored the integrity of such financial statements. All members of the Audit Committee attended the two meetings held during the year. In addition, the Audit Committee also had a private meeting with the independent auditor without the presence of the management to discuss any area of concern.

Remuneration Committee

A Remuneration Committee has been established by the Board with specific written terms of reference and the majority of the members of the Remuneration Committee are Independent Non-Executive Directors. Details of the authority and responsibilities of the Remuneration Committee are available on the Company's and the Stock Exchange's websites.

The Remuneration Committee comprises three Independent Non-Executive Directors, namely Mr. Fung Yat Sang, Mr. Kiu Wai Ming and Mr. Lau Chi Wah, Alex, one Non-Executive Director, namely Mr. Cheng Chung Hing, and one Executive Director, namely Mr. Cheng Tai Po. Mr. Kiu Wai Ming is the chairman of the Remuneration Committee.

During the year ended 31 March 2012, the Remuneration Committee held two meetings to approve the remuneration packages and performance bonuses for the Directors and senior management of the Company. All members of the Remuneration Committee attended the two meetings held during the year.

Details of the amount of Directors' emoluments for the year ended 31 March 2012 are set out in Note 13 to the financial statements.

Nomination Committee

A Nomination Committee has been established by the Company effective from 1 April 2012. The Nomination Committee is responsible for, amongst other things, identifying individuals suitably qualified to become Board members, considering the re-appointment of the Directors and succession planning for Directors and making recommendations to the Board in respect of the aforesaid matters. Details of the authority and responsibilities of the Nomination Committee are available on the Company's and the Stock Exchange's websites.

The Nomination Committee comprises three Independent Non-Executive Directors, namely Mr. Fung Yat Sang, Mr. Kiu Wai Ming and Mr. Lau Chi Wah, Alex, one Non-Executive Director, namely Mr. Cheng Chung Hing, and one Executive Director, namely Mr. Cheng Tai Po. Mr. Lau Chi Wah, Alex is the chairman of the Nomination Committee.

Accountability and Audit

The Board is responsible for overseeing the preparation of financial statements for the year ended 31 March 2012 which gives a true and fair view of the state of affairs of the Group as at 31 March 2012, and of the results and cash flows for year then ended. In preparing the financial statements for the year ended 31 March 2012, the Board has selected appropriate accounting policies, applied them consistently in accordance with the Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards which are pertinent to its operations and relevant to the financial statements, made judgements and estimates that are prudent and reasonable, and ensured the preparation of the financial statements on the going concern basis.

The Group endeavours to present a balanced, clear and comprehensible assessment of the Group's performance, position and prospects. The annual and interim results of the Company are announced in a timely manner within the limit of three months and two months respectively after the end of the relevant periods in accordance with the Listing Rules.

Auditor's Remuneration

During the year under review, the remuneration paid to PricewaterhouseCoopers is set out as follows:

Services rendered	**Fee paid/ payable** HK$'000
Audit of financial statements	1,400
Agreed-upon procedures on interim results	300
Financial and tax due diligence	2,250
Other non-audit services	80
	4,030

Internal Control

The Board acknowledges that it has overall responsibility for the design and implementation of internal controls which covers financial reporting, operations, compliance and risk management of the Company, as well as continuous monitoring the effectiveness of such internal controls. The Board has delegated such responsibility to the management of the Company. The management, under the supervision of the Board, has established an on-going process for identifying, evaluating and managing significant risks faced by the Group.

The Audit Committee reviews the internal controls that are significant to the Group on an on-going basis. The Audit Committee also considers the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function, as well as their training programmes and budgets.

On 8 May 2012, the Company has engaged PricewaterhouseCoopers to review its internal control procedures and make recommendations to the Board any improvements that can be made to the existing internal control procedures. The internal control review is expected to commence in July 2012.

Investor Relations

The annual general meeting provides an opportunity for shareholders to exchange views with the Board. The Chairman of the Company, the chairman of Audit Committee and the chairman of Remuneration Committee had attended the 2011 AGM of the Company held on 15 August 2011 to answer shareholders' questions.

The public are welcomed to give their comments and make enquiries through the Company's website and by means of emails to the Company's investor relations department (email address: ir-hk@man-sang.com). The management always provides prompt responses to any such enquiries.

Report of the Directors

The directors (the "Director(s)") of Man Sang International Limited (the "Company") herein present their report together with the audited financial statements of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2012.

Principal Activities

The Company is an investment holding company. During the year, the Group is principally engaged in two main business segments: (i) purchasing, processing, assembling, merchandising and wholesale distribution of pearls and jewellery products; and (ii) property development and investment covers development, sales and leasing of properties.

The principal activities of the Company's major subsidiaries are set out in note 44 to the consolidated financial statements.

Major Customers and Suppliers

The percentages of purchases and sales for the year ended 31 March 2012 contributed by the Group's major suppliers and customers are as follows:

Purchases	
— the largest supplier	21%
— five largest suppliers combined	45%
Sales	
— the largest customer	15%
— five largest customers combined	47%

None of Directors, their associates or substantial shareholders (which to the knowledge of the Directors own more than 5% of the Company's issued share capital) were interested, at any time during the year, in the Group's five largest customers or suppliers.

Results and Appropriations

The results of the Group for the year ended 31 March 2012 are set out in the consolidated income statement on page 37 of this annual report. The Board recommended the payment of a final dividend of 2 HK cents per ordinary share and a special dividend of 20 HK cents per ordinary share to shareholders whose names appear on the register of members on 27 August 2012, subject to the approval of shareholders at the forthcoming annual general meeting to be held on 17 August 2012.

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

The proposed final and special dividends, if approved at the forthcoming annual general meeting of the Company to be held on Friday, 17 August 2012 (the "2012 AGM"), is expected to be paid on Monday, 3 September 2012 to shareholders whose names appear on the register of members of the Company on Monday, 27 August 2012.

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

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

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

Investment Properties

Details of movements in investment properties of the Group during the year are set out in Note 18 to the consolidated financial statements.

Property, Plant and Equipment

Details of the movements in property, plant and equipment of the Group during the year are set out in Note 21 to the consolidated financial statements.

Borrowings and Interest Capitalised

Borrowings repayable on demand or within one year are classified under current liabilities. Details of the borrowings are set out in Note 32 to the consolidated financial statements. Interest and other borrowing costs capitalised by the Group during the year are set out in Note 37 to the consolidated financial statements.

Reserves

Details of the movements in reserves of the Company and of the Group during the year are set out in Note 35 to the consolidated financial statements and in the consolidated statement of changes in equity.

Distributable Reserves

The Company's net reserves available for distribution, calculated in accordance with the provisions of the Bermuda Companies Act 1981, as at 31 March 2012 amounted to HK$404,830,000 (2011: HK$98,280,000), which represented the aggregation of contributed surplus of HK$59,005,000 (2011: HK$96,857,000), share option reserve of HK$16,021,000 (2011: HK$9,427,000) and retained profits of HK$329,804,000 (2011: accumulated losses of HK$8,004,000).

Share Capital

Details of the movements in share capital of the Company are set out in Note 33 to the consolidated financial statements.

Donations

Donations made by the Group during the year amounted to HK$131,000.

Five-year Financial Summary

A five-year financial summary of the Group is set out on page 100.

Directors

The directors of the Company during the year and up to the date of this report were:

Executive Directors

Mr. Cheng Tai Po *(Deputy Chairman)*
Ms. Yan Sau Man, Amy
Mr. Zhang Huaqiao (appointed as an executive director and chief executive officer on 20 September 2011 and resigned as an executive director and chief executive officer on 3 April 2012)

Non-Executive Directors

Mr. Cheng Chung Hing *(Chairman)*
Mr. Lee Kang Bor, Thomas (re-designated as a non-executive director on 1 April 2011)

Independent Non-Executive Directors

Mr. Fung Yat Sang
Mr. Kiu Wai Ming
Mr. Lau Chi Wah, Alex

In accordance with article 87 of the Company's bye-laws, at each annual general meeting one-third of the Directors for the time being shall retire from office by rotation. Accordingly, Ms. Yan Sau Man, Amy, Mr. Lee Kang Bor, Thomas and Mr. Fung Yat Sang shall retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

Directors' Service Agreement

Each of Mr. Cheng Chung Hing, Mr. Cheng Tai Po and Ms. Yan Sau Man, Amy has entered into a service agreement with the Company on 31 August 2009 for a fixed term of three years commencing on 1 September 2009. Such agreements are determinable by either party serving not less than three months' notice in writing to the other. In addition, Mr. Cheng Chung Hing has entered into a supplemental agreement with the Company on 6 October 2009 to amend, modify and supplement the terms of the service agreement.

Save as disclosed above, none of the Directors being proposed for re-election at the forthcoming annual general meeting has entered into any service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

Biographical Details of Directors and Senior Management

The biographical details of Directors and senior management are set out on pages 20 to 21.

Directors' Interests in Contracts of Significance

Save as disclosed under the section headed "Continuing Connected Transactions" below and in Note 41 to the consolidated financial statements, no other contract of significance to which the Company or any of its subsidiaries, its holding companies or fellow subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Management Contracts

No contract concerning the management and administration of the whole or any substantial part of the business of the Company has been entered into or existed during the year.

Continuing Connected Transactions

The following sharing of office agreement (the "Sharing of Office Agreement") was entered into by Man Sang Jewellery Company Limited ("Man Sang Jewellery"), a wholly-owned subsidiary of the Company, and China South City Holdings Limited ("China South City"), a company being deemed as a connected person of the Company by The Stock Exchange of Hong Kong Limited (the "Stock Exchange") at its discretion under Rule 14A.06 of the Rules Governing the Listing of Securities (the "Listing Rules"). As such, the entering into the Sharing of Office Agreement between Man Sang Jewellery and China South City and the transactions contemplated thereunder constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Connected person	Date of agreement	Terms	Shared Premises	Consideration for the year ended 31 March 2012
China South City	23 February 2011	3 years commencing on 17 March 2011 to 16 March 2014 (both days inclusive)	Suite 2205, 22/F., Sun Life Tower, The Gateway, 15 Canton Road, Tsimshatsui, Kowloon, Hong Kong, with a total floor area of approximately 3,873 square feet.	HK$1,822,000 (Note 1)

Note:

1. The annual consideration is determined based on monthly rental fees, management fees, air-conditioning fees, utilities fees and government rates.

Rental fees, management fees, air-conditioning fees and utilities fees payable by China South City to Man Sang Jewellery under the Sharing of Office Agreement are calculated on a pro-rata basis with reference to the total floor area of the shared premises over the total floor area of the premises rented by Man Sang Jewellery.

An announcement was published on 23 February 2011 (the "Announcement") regarding the continuing connected transactions in accordance with the Listing Rules.

The continuing connected transactions have been reviewed by the Independent Non-Executive Directors of the Company who have confirmed that for the year ended 31 March 2012, the continuing connected transactions have been entered into (i) in the ordinary and usual course of business of the Company; (ii) on normal commercial terms; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Pursuant to Rule 14A.38 of the Listing Rules, the Board engaged the auditor of the Company to perform certain factual findings procedures in respect of the continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has reported the factual findings on these procedures to the Board and confirmed that for the year ended 31 March 2012, the continuing connected transactions (i) are properly approved by the board of Directors of the Company; (ii) have been entered into in accordance with the terms of the agreements governing the transactions; and (iii) have not exceeded the cap amounts for the year ended 31 March 2012 as set out in the Announcement.

Competing Businesses

As at 31 March 2012, none of the Directors had any interest in a business which competes or is likely to compete, either directly or indirectly, with the Group's businesses.

Share Option Scheme

Particulars of the Company's share option scheme which was adopted on 2 August 2002 (the "Share Option Scheme") are set out in Note 34 to the consolidated financial statements.

Details of the movement of the share options granted under the Share Option Scheme during the year are set out below:

Grantees	Date of grant	Exercisable period	Exercise Price HK$	Balance at 1 April 2011	Granted during the year	Exercised during the year	Lapse during the year	Balance at 31 March 2012	Notes
Directors									
Mr. Cheng Chung Hing	2 May 2006	2 May 2006 to 1 May 2012	0.253	1,000,000	–	–	–	1,000,000	
Mr. Cheng Tai Po	2 May 2006	2 May 2006 to 1 May 2012	0.253	1,000,000	–	(1,000,000)	–	–	
Ms. Yan Sau Man, Amy	2 May 2006	2 May 2006 to 1 May 2012	0.253	10,000,000	–	(10,000,000)	–	–	
	1 September 2009	1 September 2009 to 31 August 2012	0.450	8,000,000	–	–	–	8,000,000	3
Mr. Lee Kang Bor, Thomas	1 September 2009	1 September 2010 to 31 August 2012	0.450	5,000,000	–	–	(5,000,000)	–	4
Mr. Zhang Huaqiao	20 September 2011	20 September 2011 to 19 September 2016	0.630	–	12,353,902	–	–	12,353,902	5
				25,000,000	12,353,902	(11,000,000)	(5,000,000)	21,353,902	
Other Employees									
	2 May 2006	2 May 2006 to 1 May 2012	0.253	10,000,000	–	(10,000,000)	–	–	
	18 September 2006	18 September 2006 to 17 September 2011	0.233	7,000,000	–	(7,000,000)	–	–	
	13 March 2007	1 January 2008 to 12 March 2012	0.500	5,000,000	–	(1,300,000)	(3,700,000)	–	6
	27 August 2009	27 August 2009 to 26 August 2012	0.397	16,550,000	–	(7,950,000)	–	8,600,000	7
	2 March 2012	2 March 2012 to 1 March 2017	0.610	–	3,000,000	–	–	3,000,000	8
				38,550,000	3,000,000	(26,250,000)	(3,700,000)	11,600,000	
				63,550,000	15,353,902	(37,250,000)	(8,700,000)	32,953,902	

Notes:

1. These share options represent personal interest held as beneficial owner.

2. The Company recorded the fair value of these share options as staff cost in the income statement. The Company will record the nominal value of the shares which is HK$0.10 per share issued pursuant to the exercise price of the share options as additional share capital and the Company will record the excess of the exercise price of the share options over nominal value of the shares in its share premium account. Any share options which have lapsed or been cancelled will be deducted from the balance of the share options.

3. 2,500,000 share options were vested on the date of grant, another 2,500,000 share options were vested on the first anniversary of the date of grant and the remaining 3,000,000 share options were vested on the second anniversary of the date of grant.

4. Mr. Lee Kang Bor, Thomas resigned as an executive director and chief executive officer ("CEO") of the Company on 31 March 2011 and the remaining 5,000,000 share options held by him lapsed on 30 April 2011.

5. 4,117,967 share options were vested on the date of grant, another 4,117,967 share options would be vested on the first anniversary of the date of grant and the remaining 4,117,968 share options would be vested on the second anniversary of the date of grant. On 3 April 2012, Mr. Zhang Huaqiao resigned as an executive director and CEO of the Company. Thus, 4,117,967 share options lapsed one month after his resignation pursuant to the Share Option Scheme. The remaining 8,235,935 share options lapsed on 3 April 2012.

6. All these options were vested on 31 December 2007.

7. All these options were vested on or before 26 August 2011.

8. 1,000,000 share options will be vested on the first anniversary of the date of grant, another 1,000,000 share options will be vested on the second anniversary of the date of grant and the remaining 1,000,000 share options will be vested on the third anniversary of the date of grant.

Grant of Consultant Option

On 23 August 2011, the Company entered into a consultancy services agreement (the "Consultancy Services Agreement") with Magical Asia Capital Limited (the "Consultant"), an independent third party, where the Consultant agreed to provide the following services to the Company: (i) advise and assist the Group in seeking and identifying an appropriate target company for the strategic co-operation in the development of micro credit businesses; (ii) assist the Group in seeking and identifying a senior executive with appropriate experience and reputation in the financial sector; and (iii) perform such other duties as may be mutually agreed (if any).

In consideration of the provision of the services by the Consultant, the Company agreed to grant option to the Consultant to subscribe for 49,415,608 shares of the Company (the "Consultant Option", representing 4% of the issued share capital of the Company on the date of grant of the Consultant Option) as service fee paid to the Consultant. The exercise price of the Consultant Option was fixed at HK$0.515 per share which was determined after arm's length negotiation between the Company and the Consultant taking into consideration: (i) the average of the closing share price of the Company as quoted on the Stock Exchange for the last ten trading dates up to and including the last trading date (i.e. 16 September 2011) upon which the above mentioned target company was identified and the senior executive was appointed; and (ii) a discount of approximately 18.25% to the closing price of HK$0.63 per share as quoted on the Stock Exchange on 16 September 2011. The gross proceeds of the Consultant Option, when exercised in full, will be HK$25,449,038. The Consultant Option is exercisable in whole or in part at any time within five years from 20 September 2011.

No Consultant Option was exercised or lapsed during the year.

Directors' Interests in Securities

As at 31 March 2012, the interests and short positions of the Directors in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which (a) were required to be notified to the Company and the Stock Exchange pursuant to provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors have taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules to be notified to the Company and the Stock Exchange were set out below:

(a) Long positions in ordinary shares of the Company

		Number of ordinary shares of HK$0.10 each held			
Name of director	**Capacity**	**Direct interest**	**Deemed interest**	**Total interest**	**Percentage of the issued share capital of the Company**
Mr. Cheng Chung Hing	Beneficial owner and interest of a controlled corporation	235,687,273	468,781,655 (Note 1)	704,468,928	55.72%
Mr. Cheng Tai Po	Beneficial owner and interest of a controlled corporation	105,086,180	468,781,655 (Note 1)	573,867,835	45.39%

Notes:

1. These 468,781,655 shares of the Company were directly owned by Rich Men Limited, where Mr. Cheng Chung Hing and Mr. Cheng Tai Po own 60% and 40% of the issued share capital of Rich Men Limited, respectively.

2. Mr. Cheng Chung Hing was interested in share options granted by the Company in respect of 1,000,000 ordinary shares in the Company. His interests in the aforesaid share options are disclosed in the section headed "Share Option Scheme".

(b) Long positions in underlying shares of the Company

Details of the interests of the Directors in the share options of the Company are separately disclosed under the section headed "Share Option Scheme".

Save as disclosed above, none of the Directors had, as at 31 March 2012, any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which, (a) were required to be notified to the Company and the Stock Exchange pursuant to provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors have taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

Directors' Rights to Acquire Shares or Debentures

Save as disclosed under the section headed "Share Option Scheme" above, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

Substantial Shareholders' Interests in Securities

As at 31 March 2012, substantial shareholders' interests and short positions in the shares and underlying shares of the Company, other than the Directors, as recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO were as follow:

		Number of shares held		
Name of shareholder	**Capacity**	**Direct interest**	**Deemed interest**	**Percentage of the ordinary shares of the Company**
Rich Men Limited	Beneficial Owner	468,781,655	—	37.08%

The interests stated above represent long positions.

Save as disclosed above, as at 31 March 2012, the Company has not been notified of any person (other than the Directors of the Company) or entity had an interest or a short position in the shares, underlying shares or debentures of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

Model Code for Securities Transactions by Directors of Listed Issuers

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

Independence of Independent Non-Executive Directors

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

Audit Committee

The audit committee, which comprises all three Independent Non-Executive Directors of the Company, has reviewed with the management in conjunction with the independent auditor, the accounting principles and practices adopted by the Group and discussed the internal control and financial reporting matters including the review of the consolidated financial statements of the Group for the year ended 31 March 2012.

Sufficiency of Public Float

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float during the year and up to the date of this annual report under the Listing Rules.

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Company's bye-laws, or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

Auditor

The financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment in the forthcoming annual general meeting of the Company.

Purchase, Redemption or Sale of Listed Securities

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

Corporate governance

Details of the Company's corporate governance practices are set out in the Corporate Governance Report of this annual report.

Events After the Reporting Period

Details of the significant events occurring after the balance sheet date are set out in Note 43 to the consolidated financial statements.

On behalf of the Board

Cheng Chung Hing
Chairman

Hong Kong, 25 June 2012

Independent Auditor's Report

pwc

羅兵咸永道

To the shareholders of Man Sang International Limited
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Man Sang International Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 37 to 99, which comprise the consolidated and company balance sheets as at 31 March 2012, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2012, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 25 June 2012

Consolidated Income Statement

	Note	Year ended 31 March 2012 HK$'000	2011 HK$'000
Revenue	7	**370,236**	401,854
Cost of sales	11	**(213,086)**	(262,448)
Gross profit		**157,150**	139,406
Other income	9	**4,347**	1,468
Other gains — net	10	**16,669**	36,043
Selling expenses	11	**(15,173)**	(14,834)
Administrative expenses	11	**(84,865)**	(92,116)
Increase in fair values of investment properties and investment properties under construction		**40,400**	18,612
Operating profit		**118,528**	88,579
Finance income	37	**12,567**	5,014
Finance costs	37	**(8,882)**	(1,182)
Finance income — net		**3,685**	3,832
Share of (loss)/profit of an associate		**(4)**	15
Profit before income tax		**122,209**	92,426
Income tax expense	14	**(40,030)**	(28,518)
Profit for the year		**82,179**	63,908
Attributable to:			
Equity holders of the Company	15	**56,024**	54,753
Non-controlling interests		**26,155**	9,155
		82,179	63,908
Earnings per share attributable to equity holders of the Company	16		
Basic		**4.51 HK cents**	4.46 HK cents
Diluted		**4.47 HK cents**	4.38 HK cents

Details of dividend to the equity holders of the Company are set out in note 17.

The notes on pages 46 to 99 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

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

The notes on pages 46 to 99 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

	Note	As at 31 March 2012 HK$'000	2011 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties	18	**869,590**	847,257
Investment properties under construction	19	**61,278**	61,741
Property, plant and equipment	21	**120,342**	117,736
Prepaid lease payments	22	**5,874**	8,024
Prepayments		**2,724**	—
Investment in an associate	23	**121**	121
Deferred income tax assets	25	**908**	1,126
		1,060,837	1,036,005
Current assets			
Inventories	26	**71,156**	52,104
Properties under development	20	**51,038**	36,711
Completed properties held for sale	27	**263,420**	206,743
Investment properties under construction held for sale	19	**7,602**	—
Trade and other receivables	28	**267,503**	134,835
Financial assets at fair value through profit or loss	29	**45,435**	30,540
Current income tax recoverable		**991**	4,794
Cash and cash equivalents	30	**605,099**	606,806
		1,312,244	1,072,533
Current liabilities			
Trade and other payables	31	**505,464**	463,042
Current income tax liabilities		**116,800**	103,606
Borrowings	32	**36,900**	23,800
Amount due to an associate	23	**2,032**	1,492
		661,196	591,940
Net current assets		**651,048**	480,593
Total assets less current liabilities		**1,711,885**	1,516,598
Non-current liabilities			
Deferred income tax liabilities	25	**107,739**	88,183
Borrowings	32	**147,600**	71,400
		255,339	159,583
Net assets		**1,456,546**	1,357,015

	Note	As at 31 March 2012 HK$'000	2011 HK$'000
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	33	**126,434**	122,709
Reserves			
— Proposed dividends	17	**279,475**	—
— Others		**884,308**	1,102,703
		1,290,217	1,225,412
Non-controlling interests		**166,329**	131,603
Total equity		**1,456,546**	1,357,015

The notes on pages 46 to 99 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 37 to 99 were approved and authorised for issue by the Board of Directors on 25 June 2012 and were signed on its behalf by:

Cheng Chung Hing
Chairman &
Non-Executive Director

Cheng Tai Po
Deputy Chairman &
Executive Director

Balance Sheet

	Note	As at 31 March 2012 HK$'000	2011 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Investments in subsidiaries	24	**210,695**	210,542
Amounts due from subsidiaries	24	**579,860**	233,049
		790,555	443,591
Current assets			
Other receivables		**732**	258
Financial assets at fair value through profit or loss	29	**2,225**	2,119
Amounts due from subsidiaries	24	**70,683**	94,424
Cash and cash equivalents	30	**1,872**	3,508
		75,512	100,309
Current liabilities			
Other payables		**1,096**	252
Net current assets		**74,416**	100,057
Total assets less current liabilities		**864,971**	543,648
Net assets		**864,971**	543,648
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	33	**126,434**	122,709
Reserves	35		
— Proposed dividends	17	**279,475**	—
— Others		**459,062**	420,939
Total equity		**864,971**	543,648

The notes on pages 46 to 99 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 37 to 99 were approved and authorised for issue by the Board of Directors on 25 June 2012 and were signed on its behalf by:

Cheng Chung Hing
Chairman &
Non-Executive Director

Cheng Tai Po
Deputy Chairman &
Executive Director

Consolidated Statement of Cash Flows

	Note	Year ended 31 March 2012 HK$'000	2011 HK$'000
Cash flows from operating activities			
Profit before income tax		**122,209**	92,426
Adjustments for:			
Interest income		**(12,567)**	(5,014)
Interest expenses		**8,882**	1,182
Depreciation of property, plant and equipment		**8,162**	9,409
Amortisation of prepaid lease payments		**2,328**	2,318
Share of loss/(profit) of an associate		**4**	(15)
Share-based payment		**12,761**	2,360
Increase in fair values of investment properties and investment properties under construction		**(40,400)**	(18,612)
Gain on disposals of investment properties		**(15,158)**	(23,830)
(Gain)/Loss on disposals of property, plant and equipment		**(133)**	1,161
Fair value change in financial assets at fair value through profit or loss		**3,804**	(6,643)
Dividend income		**(1,957)**	(1,468)
Operating cash flows before working capital changes		**87,935**	53,274
Change in working capital:			
Inventories		**(18,252)**	798
Completed properties held for sale		**6,044**	81,188
Properties under development		**(64,226)**	(17,026)
Trade and other receivables		**(8,694)**	32,946
Prepayments		**(2,724)**	—
Trade and other payables		**32,066**	(44,601)
Prepaid lease payments		**—**	(1,346)
Amount due to an associate		**490**	(119)
Cash generated from operations		**32,639**	105,114
Interest paid		**(13,734)**	(8,081)
Income taxes paid		**(9,216)**	(4,841)
Net cash generated from operating activities		**9,689**	92,192

Consolidated Statement of Cash Flows

	Note	Year ended 31 March 2012 HK$'000	2011 HK$'000
Cash flows from investing activities			
Purchase of property, plant and equipment		**(3,341)**	(3,722)
Proceeds from disposals of property, plant and equipment		**278**	139
Additions to investment properties		**(2,521)**	(4,491)
Proceeds from disposals of investment properties		**56,755**	74,789
Additions to investment properties under construction		**(163)**	(14,486)
(Purchases of)/proceeds from financial assets at fair value through profit or loss, net		**(18,699)**	25,297
Advance of entrusted loan		**(123,000)**	—
Dividend received		**1,957**	1,468
Decrease in pledged bank deposits		**—**	17,000
Interest received		**12,567**	5,014
Net cash (used in)/generated from investing activities		**(76,167)**	101,008
Cash flows from financing activities			
Issue of new shares		**10,750**	854
Issue of new shares by a subsidiary		**—**	5
Proceeds from borrowings		**184,500**	71,400
Repayments of borrowings		**(95,200)**	(164,600)
Dividend paid		**(37,852)**	—
Net cash generated from/(used in) financing activities		**62,198**	(92,341)
Net (decrease)/increase in cash and cash equivalents		**(4,280)**	100,859
Cash and cash equivalents at beginning of the year		**606,806**	501,541
Effect of foreign exchange rate changes		**2,573**	4,406
Cash and cash equivalents at end of the year	30	**605,099**	606,806

The notes on pages 46 to 99 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

	Attributable to equity holders of the Company								
	Share capital HK$'000	Share premium HK$'000	Share option reserve HK$'000	Property revaluation reserve HK$'000	Translation reserve HK$'000	Retained earnings (note a) HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance at 1 April 2010	122,494	321,606	9,223	97,452	36,865	546,241	1,133,881	110,425	1,244,306
Profit for the year	–	–	–	–	–	54,753	54,753	9,155	63,908
Other comprehensive income:									
Increase in fair value of leasehold land and buildings, net of deferred income tax	–	–	–	10,711	–	–	10,711	–	10,711
Change in deferred income tax liabilities in relation to increase in fair value of leasehold land and buildings arising from tax rate change	–	–	–	(199)	–	–	(199)	–	(199)
Exchange difference on translation of foreign operation	–	–	–	–	23,052	–	23,052	12,018	35,070
Total comprehensive income for the year	–	–	–	10,512	23,052	54,753	88,317	21,173	109,490
Employee share option benefits	–	–	2,360	–	–	–	2,360	–	2,360
Issue of shares by a subsidiary	–	–	–	–	–	–	–	5	5
Issue of new shares upon exercise of share options	215	639	–	–	–	–	854	–	854
Transfer to share premium upon exercise of share options	–	414	(414)	–	–	–	–	–	–
Transfer to retained earnings upon lapse of share options	–	–	(1,742)	–	–	1,742	–	–	–
Release of property revaluation reserve upon depreciation of leasehold land and buildings	–	–	–	(1,201)	–	1,201	–	–	–
Transferred to retained earnings upon disposals of completed properties held for sale, net of deferred income tax	–	–	–	(2,121)	–	2,121	–	–	–
Balance at 31 March 2011	122,709	322,659	9,427	104,642	59,917	606,058	1,225,412	131,603	1,357,015

Consolidated Statement of Changes in Equity

	Attributable to equity holders of the Company								
	Share capital HK$'000	Share premium HK$'000	Share option reserve HK$'000	Property revaluation reserve HK$'000	Translation reserve HK$'000	Retained earnings (note a) HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance at 1 April 2011	122,709	322,659	9,427	104,642	59,917	606,058	1,225,412	131,603	1,357,015
Profit for the year	–	–	–	–	–	56,024	56,024	26,155	82,179
Other comprehensive income:									
Increase in fair value of leasehold land and buildings, net of deferred income tax	–	–	–	6,420	–	–	6,420	–	6,420
Change in deferred income tax liabilities in relation to increase in fair value of leasehold land and buildings arising from tax rate change	–	–	–	(111)	–	–	(111)	–	(111)
Exchange difference on translation of foreign operation	–	–	–	–	16,813	–	16,813	8,571	25,384
Total comprehensive income for the year	–	–	–	6,309	16,813	56,024	79,146	34,726	113,872
Interim dividend (note 17)	–	–	–	–	–	(37,852)	(37,852)	–	(37,852)
Employee share option benefits	–	–	12,761	–	–	–	12,761	–	12,761
Issue of new shares upon exercise of share options	3,725	7,025	–	–	–	–	10,750	–	10,750
Transfer to share premium upon exercise of share options	–	4,023	(4,023)	–	–	–	–	–	–
Transfer to retained earnings upon lapse of share options	–	–	(2,144)	–	–	2,144	–	–	–
Release of property revaluation reserve upon depreciation of leasehold land and buildings	–	–	–	(1,409)	–	1,409	–	–	–
Transferred to retained earnings upon disposals of completed properties held for sale, net of deferred income tax	–	–	–	(1,058)	–	1,058	–	–	–
Balance at 31 March 2012	126,434	333,707	16,021	108,484	76,730	628,841	1,290,217	166,329	1,456,546

Note:

(a) The Group's retained earnings included an amount of HK$19,862,000 (2011: HK$17,530,000) reserved by the subsidiaries in the People's Republic of China ("PRC") in accordance with the relevant PRC regulations. The PRC laws and regulations require companies registered in the PRC to provide for certain statutory reserves, which are to be appropriated from the net profit (after offsetting accumulated losses from prior years) as reported in their respective statutory financial statements, before profit distributions to equity holder. All statutory reserves are created for specific purposes. PRC company is required to appropriate 10% of statutory net profits to statutory surplus reserves, upon distribution of its post-tax profits of the current year. A company may discontinue the contribution when the aggregate sum of the statutory surplus reserve is more than 50% of its registered capital. The statutory surplus reserves shall only be used to make up losses of the company, to expand the company's production operations, or to increase the capital of the company. In addition, a company may make further contribution to the discretional surplus reserve using its post-tax profits in accordance with resolutions of the board of directors.

The notes on pages 46 to 99 are an integral part of these consolidated financial statements.

1. General Information

Man Sang International Limited (the "Company") and its subsidiaries (together, the "Group") are principally engaged in the (i) purchasing, processing, assembling, merchandising and wholesale distribution of pearls and jewellery products; and (ii) development, sales and leasing of properties.

The Company is incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda (as amended). The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited.

These consolidated financial statements are presented in Hong Kong dollars, unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 25 June 2012.

2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

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

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, investment properties, investment properties under construction, and leasehold land and buildings, which are carried at fair values.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

(b) Subsidiaries

(i) Consolidation

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise from circumstances such as enhanced minority rights or contractual terms between shareholders, etc.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

2. Summary of Significant Accounting Policies (Continued)

(b) Subsidiaries (Continued)

(i) Consolidation (Continued)

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions — that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(ii) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(c) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in an associate includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to "share of (loss)/profit of an associate" in the income statement.

2. Summary of Significant Accounting Policies (Continued)

(c) Associates (Continued)

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investment in an associate are recognised in the income statement.

(d) Investment properties

Investment properties are land and/or buildings held by the Group or under finance lease to earn rental income and/or for capital appreciation, which include property interest held under operating lease carried at fair value.

Investment properties are stated at fair value at the balance sheet date. Any gain or loss arising from a change in fair value is recognised in the income statement. An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement in the year in which the item is derecognised.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the income statement during the financial period in which they are incurred.

The fair values of investment properties are based on valuation by independent valuers who hold recognised professional qualification and have recent experience in the location and category of properties being valued. Fair value is determined based on market value, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its deemed cost for accounting purposes.

Properties that are being constructed or developed for future use as investment property are classified as investment properties under construction. Investment properties under construction are initially stated at cost, including borrowing costs capitalised, aggregate cost of development, materials and supplies, wages and other direct expenses, less any impairment losses. At the end of each reporting period when fair value can be determined reliably, it is stated at fair value subsequent to initial recognition. Any difference between the fair value of the property at the date and its previous carrying amount is recognised in the income statement. Where fair value is not reliably determinable, such investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier).

2. Summary of Significant Accounting Policies (Continued)

(e) Property, plant and equipment

Property, plant and equipment, other than leasehold land and buildings, are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the year in which they are incurred.

Leasehold land and buildings are stated in the balance sheet at their revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date. Any revaluation increase is credited to the property revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in the net carrying amount arising on revaluation of an asset is dealt with as an expense to the extent that it exceeds the balance, if any, on the property revaluation reserve relating to a previous revaluation of that asset. On subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to retained profits.

If there is no market-based evidence of fair value because of the specialised nature of the item of leasehold land and buildings and the item is rarely sold, except as part of a continuing business, an entity may need to estimate fair value using an income or a depreciated replacement cost approach.

Leasehold land and buildings transferred from investment properties are stated at deemed cost equal to its fair value at the date of change in use and is continued to account for as if it was an asset held under finance lease. The entire lease payment of leasehold land and buildings are included in the cost of land and buildings as a finance lease in property, plant and equipment and stated at revalued amount.

Depreciation is provided to write off the cost or valuation less accumulated impairment losses, other than construction in progress, over their estimated useful lives from the date on which they are available for use and after taking into account of their estimated residual values, using the straight-line method, at the following rates per annum:

Leasehold land and buildings	Over the shorter of the term of the lease or 50 years
Leasehold improvements	25%–33%
Plant and machinery	20%–25%
Furniture, fixtures and equipment	25%
Motor vehicles	25%

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Residual values and useful lives are reviewed at each reporting period.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Other gains — net" in the consolidated income statement.

2. Summary of Significant Accounting Policies (Continued)

(f) Properties under development

Properties that are being constructed or developed for future use as held-for-sales are classified as properties under development and stated at the lower of cost and net realisable value. Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses and the anticipated costs to completion, or by management estimates based on prevailing marketing conditions.

Development cost of property comprises construction costs, amortisation of land use rights and borrowing costs capitalised, and professional fees incurred during the development period. On completion, the properties are transferred to completed properties held for sale.

Properties under development are classified as current assets when the construction of the relevant properties commences unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

(g) Completed properties held for sale

Completed properties remaining unsold at the end of the year are stated at the lower of cost and net realisable value.

Cost comprises development costs attributable to the unsold properties.

Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management estimates based on prevailing marketing conditions.

(h) Prepaid lease payments

Prepaid lease payments include up-front payments to acquire leasehold land and payments for lease of properties, where the leases are held under operating lease. Prepaid lease payments are stated at cost and are amortised on a straight-line basis over the period of the lease.

(i) Impairment of non-financial assets

Assets that have an indefinite useful life – for example, goodwill or intangible assets not ready to use – are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(j) Non-current assets held-for-sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

2. Summary of Significant Accounting Policies (Continued)

(k) Financial assets

(i) Classification

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

- *Financial assets at fair value through profit or loss*
  Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

- *Loans and receivables*
  Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents.

(ii) Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the consolidated income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the consolidated income statement within — "other gains — net", in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the consolidated income statement as part of other income when the Group's right to receive payments is established.

(iii) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2. Summary of Significant Accounting Policies (Continued)

(k) Financial assets (Continued)

(iii) Assets carried at amortised cost (Continued)

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held- to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

(l) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, cost of conversion and other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the weighted average cost method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated selling expenses.

(m) Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments with original maturities of three months or less, in the consolidated balance sheet.

(o) Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

2. Summary of Significant Accounting Policies (Continued)

(p) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(q) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent it relates to items recognised in equity. In this case, the tax is also recognised in equity.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred income tax

Deferred income tax is recognised in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and an associate, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2. Summary of Significant Accounting Policies (Continued)

(r) Revenue recognition

Revenue from sales of properties
Revenue from sales of properties is recognised when the risks and rewards related to the properties are transferred to purchasers, which is when the construction of relevant properties has been completed, title to the properties has been delivered to the purchasers and collectability of related receivables is reasonably assured. Revenue is recognised only to the extent collectability of such receivable is reasonably assured.

Revenue from sales of properties with operating leaseback
As part of the Group's overall strategy to develop property projects with specific themes, in relation to sales of certain properties, immediately following sale of such properties, the Group leases back the properties from purchasers for periods ranging from 3 to 5 years. As lease back of the properties free of charge was arranged as part of the sale of these properties, the Group determined the fair value of lease payments it would ordinarily make to lease such properties from other independent owners based on factors such as expected occupancy rates, rental yields etc. and included it as part of the sales consideration received with a corresponding debit to prepaid operating lease payments. Since the fair value of lease payments the Group would ordinarily make to lease such properties was estimated to be insignificant, the Group did not separately recognise it as part of the sales consideration received with a corresponding debit to prepaid operating lease payments. Such transactions are accounted for as a sale and operating leaseback given that, as part of the sale transaction, the Group disposes of substantially all risks and rewards of owning the property. In concluding that substantially all risks and rewards of owning the property have been transferred, the Group considers the short period of the lease and the expected future rentals it could earn by letting out these properties, which are insignificant relative to the value of the property.

Operating leases rentals paid to purchasers are recorded as an expense on a straight line basis over the period of the lease.

Revenue from sales of goods
Sale of goods is recognised on transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has passed.

Revenue from leasing of investment properties
Rental income under operating leases is recognised in the period in which the properties are let out and on a straight-line basis over the term of the relevant lease.

Others
Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when the rights to receive payments have been established.

2. Summary of Significant Accounting Policies (Continued)

(s) Retirement benefits scheme

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries.

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administered funds managed by the PRC government.

The Group also participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance ("MPF Scheme"), which is a defined contribution retirement scheme for all employees in Hong Kong. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income. The assets of this pension scheme are held separately from those of the Group in independently administered funds.

The Group's contributions to the defined contribution retirement schemes are expensed as incurred.

(t) Share-based payments

(i) Equity-settled share-based payment transactions

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted. In determining the fair value of the options granted:

- market performance conditions are taken into considerations;
- the impact of any service and non-market vesting conditions (for example, profitability, sales growth targets and remaining employee of the entity over a specified time period) is excluded; and
- excluding the impact of any non-vesting conditions.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

2. Summary of Significant Accounting Policies (Continued)

(t) Share-based payments (Continued)

(i) Equity-settled share-based payment transactions (Continued)

The cash subscribed for the shares issued when the options are exercised is credited to share capital (nominal value) and share premium, net of any transaction costs that are directly attributable to the issue.

At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited or are not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained earnings.

(ii) Share-based payment transactions among group entities

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

(iii) Share options granted to a consultant

Share options issued in exchange for services are measured at fair value of the services received. The fair value of the options granted is determined on the same basis as those for employees and directors of the Group. The fair value of the services received is recognised as an expense, unless the services qualify for recognition as assets.

(u) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the income statement in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the assets for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(v) Government grants

Government grants are recognised as income over the periods necessary to match with the related costs. If the grants do not relate to any specific expenditure incurred by the Group, they are reported separately as other operating income. If the grants subsidise an expense incurred by the Group, they are deducted in reporting the related expenses. Grants relating to depreciable assets are presented as a deduction from the cost of the relevant assets.

(w) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive board of directors that makes strategic decisions.

2. Summary of Significant Accounting Policies (Continued)

(x) Foreign currency translation

(i) Functional and presentation currency

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollar ("HK$"), which is the Company's functional and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the income statement within 'other gains — net'.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(c) all resulting exchange differences are recognised in other comprehensive income.

2. Summary of Significant Accounting Policies (Continued)

(x) Foreign currency translation (Continued)

(iii) Group companies (Continued)

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(y) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor), including upfront payment made for land use right, are charged to the consolidated income statement on a straight-line basis over the period of the lease.

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in finance lease obligations. The interest element of the finance cost is charged to the consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

3. Application of New and Revised Hong Kong Financial Reporting Standards

(a) Amended standards and interpretations adopted by the Group

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

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

3. Application of New and Revised Hong Kong Financial Reporting Standards (Continued)

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

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

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

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

4. Critical Accounting Estimates and Judgement

In the application of the Group's accounting policies, which are described in note 2, the Directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The following are the key assumptions concerning the future, and other key areas of judgement that may have a significant impact in determining the carrying amounts of assets and liabilities.

4. Critical Accounting Estimates and Judgement (Continued)

Estimated useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to market conditions. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

Fair value of leasehold land and buildings, investment properties and investment properties under construction

Leasehold land and buildings, investment properties and investment properties under construction are stated at fair value in accordance with the Group's accounting policies. The fair value of leasehold land and buildings, investment properties and investment properties under construction are determined by independent professional valuers, BMI Appraisals Limited and DTZ Debenham Tie Leung Limited, and the fair values of leasehold land and buildings, investment properties and investment properties under construction are set out in notes 21, 18 and 19 to the consolidated financial statements respectively. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from actual results.

In making the judgement, reasonable consideration has been given to the underlying assumptions based on market conditions existing at the balance sheet date. These estimates are regularly compared to actual market data and actual transactions in the market.

Impairment of trade receivables

The Group's management determines the provision for impairment of trade receivables on a regular basis. This estimate is based on the credit history of its customers and prevailing market conditions. Management reassesses the provision for impairment of trade receivables at the end of each reporting date.

Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of competitor actions in response to severe industry cycles. Management reassesses these estimations at the end of each reporting date to ensure inventories are shown at the lower of cost and net realisable value.

Recoverability of completed properties held for sale and properties under development

Management performs a regular review on the carrying amounts of completed properties held for sale and properties under development. Based on management's review, write-down of completed properties held for sale and properties under development will be made when the estimated net realisable value has declined below the carrying amount. In determining the net realisable value of completed properties held for sale and properties under development, management refers to the latest economic measures introduced by the local government, recent global and local economic developments, recent sales transactions of the Group and other similar properties in the surrounding areas, marketability of the Group's existing properties, market survey reports available from independent property valuers, internally available information and management's expectation on future sales.

4. Critical Accounting Estimates and Judgement (Continued)

Share-based payment

The determination of the fair value of the share options granted requires estimates in determining, among others, the expected volatility of the share price, the expected dividend yield, the risk-free interest rate for the life of the option, and the number of options that are expected to become exercisable. Where the outcome of these estimates is different, it will impact the fair value of the share option and the amount of share option expense charged to the consolidated income statement during the vesting periods of the relevant share options.

PRC land appreciation tax

The Group is subject to land appreciation taxes in the PRC. However, the implementation and settlement of these taxes varies among various tax jurisdictions in cities of the PRC, and the Group has not finalised its PRC land appreciation taxes calculation and payments with any local tax authorities in the PRC. Accordingly, significant judgement is required in determining the amount of the land appreciation and its related taxes. The Group recognised these PRC land appreciation taxes based on relevant rules and regulations. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the taxation and tax provisions in the years in which such taxes have been finalised with local tax authorities.

5. Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of borrowings and equity balances.

The capital structure of the Group consists of borrowings (note 32), cash and cash equivalents (note 30) and equity attributable to equity holders of the Group.

The management of the Group reviews the capital structure periodically. As a part of this review, the management of the Group considers costs of capital, its bank covenant obligations and the risks associated with issued share capital and will balance its overall capital structure through the drawn down of bank borrowings, the repayment of existing borrowings or the adjustment of dividend to shareholders.

6. Financial Risk Management Objectives and Policies

The Group's major financial instruments include financial assets at fair value through profit or loss, trade and other receivables, cash and cash equivalents, trade and other payables, borrowings, and amount due to an associate. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments, include market risk (currency risk, interest rate risk and price risk), credit risk and liquidity risk, and the policies on how to mitigate these risks are set out below. The Group does not have written risk management policies and guidelines. However, the board of directors meets periodically to analyse and formulate measures to manage the Group's exposure to different risks arising from the use of financial instruments. Generally, the Group employs conservative strategies regarding its risk management. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

6. Financial Risk Management Objectives and Policies (Continued)

(a) Market risk

(i) Currency risk

The Group's foreign currency assets, liabilities and transactions are principally denominated in Chinese Renminbi ("RMB") and United States dollar ("US$"). These currencies are not the functional currencies of the Group entities to which these balances relate. The Group is exposed to foreign currency risk arising from the movements in the exchange rates of these different currencies against the functional currencies of the Group entities. The Group manages its foreign currency risks by closely monitoring the movement of the foreign currency rates. Most of the Group's business transactions are denominated in Hong Kong dollar ("HK$"), US$ and RMB.

The Group considers there is no significant exposure to foreign exchange fluctuations as long as the Hong Kong-United States dollar exchange rate remains pegged. However, the Group is exposed to fluctuation in exchange rates of RMB. At 31 March 2012, if HK$ had weakened/strengthened by 3% (2011: 2%) against RMB with all other variables held constant, post-tax profit for the year would have been HK$3,837,000 (2011: HK$3,245,000) lower/higher, mainly as a result of foreign exchange losses/gains on translation of RMB-denominated receivables, payables and borrowings.

(ii) Interest rate risk

Except for the cash held at banks, the Group has no other significant interest bearing assets. The Group's income and operating cash flows are substantially independent of changes in market interest rates.

At 31 March 2012, if interest rates on cash held at banks had been 25 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been approximately HK$1,388,000 (2011: HK$1,267,000) higher/lower, mainly as a result of higher/lower interest income on cash at banks.

The Group's exposure to interest rate risk relates primarily to variable-rate borrowings of HK$184,500,000 (2011: HK$95,200,000). Borrowings at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash deposit held at variable rates. It is the Group's policy to keep the majority of borrowings at floating interest rate so as to minimise the fair value interest rate risk.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk section of this note. The Group's interest rate risk is mainly concentrated on the fluctuation of market interest rates arising from the Group's deposits and borrowings.

At 31 March 2012, if interest rates had been 25 basis points higher/lower with all other variable held constant, interest payment on floating rate borrowing would have been approximately HK$461,000 (2011: HK$238,000) higher/lower. Interest expenses on these floating rate borrowings would be capitalised in accordance with the Group's capitalisation rate. The Group anticipates that the impact on profit of the Group resulting from changes in interest expenses not capitalised would have been approximately HK$449,000 (2011: Nil).

6. Financial Risk Management Objectives and Policies (Continued)

(a) Market risk (Continued)

(iii) Price risk

The Group's financial assets at fair value through profit or loss represent investments in listed equity securities and are measured at fair value at each balance sheet date. Therefore, the Group is exposed to equity securities price risk. The management manages this exposure by maintaining a diversified portfolio of investments with different characteristics.

The sensitivity analysis below is prepared to illustrate the Group's exposure to equity price risks at the reporting date. A 10% change is used when reporting the price risk internally to the management. If the price of the respective equity instruments had been 10% higher/lower, the net unrealised gain on financial assets at fair value through profit or loss would have been increased/decreased and the profit for the year would have been increased/decreased by approximately HK$3,794,000 (2011: HK$2,550,000).

(b) Credit risk

Credit risk mainly arises from trade and other receivables, financial assets at fair value through profit or loss, and cash and cash equivalents.

In respect of cash and cash equivalents, the Group will place its cash in banks and financial institutions with high credit ratings assigned by international credit-rating agencies.

As at 31 March 2012, the top five customers accounted for approximately 71% (2011: 86%) of the Group's trade receivables balance.

Most of the Group's customers do not have independent rating. Before accepting any new customer, where available at reasonable cost, the Group obtains credit report from commercial information provider to assess the potential customer's credit and defines credit limits by customer. Credit limits of customers are reviewed periodically. In order to minimise the credit risk, the management of the Group has established credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

For certain trade receivables in connection with sales of properties, the Group has the right to repossess the properties when the repayment of trade receivables of properties sales is in default. The arrangement has mitigated the credit risk for the customers which cannot be assessed through our past experience and other factors to prove their credit standing.

As at 31 March 2012, the Group has an unsecured loan of RMB100,000,000 (equivalent to HK$123,000,000) granted to third parties through a PRC bank. Management does not expect any losses from non-performance by the borrowers. Also, the loan and the related interest was subsequently settled in full in April 2012.

6. Financial Risk Management Objectives and Policies (Continued)

(c) Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of borrowings and ensures compliance with loan covenants, if any borrowing has been drawn.

The Group's financial liabilities have contractual maturities as follows:

	31 March 2012			31 March 2011		
	Current	**Non-current**		Current	Non-current	
	Within one year HK$'000	**One to two years HK$'000**	**Two to five years HK$'000**	Within one year HK$'000	One to two years HK$'000	Two to five years HK$'000
Trade and other payables	**264,203**	**—**	**—**	248,181	—	—
Borrowings and interest payments	**50,096**	**47,049**	**122,411**	28,406	4,080	75,756
Amount due to an associate	**2,032**	**—**	**—**	1,492	—	—
	316,331	**47,049**	**122,411**	278,079	4,080	75,756

The amounts disclosed in the table are the contractual undiscounted cash flows, which may differ from the carrying values of the liabilities at the balance sheet date.

(d) Fair value estimation

The different levels of the fair value measurement hierarchy have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs) (level 3).

The financial assets at fair value through profit or loss are equity securities that are traded in an active market. Closing stock prices are readily available from active market and are used as being representative of fair value. As at 31 March 2012, the Group and the Company have these financial assets at fair value through profit or loss of HK$45,435,000 (2011: HK$30,540,000) and HK$2,225,000 (2011: HK$2,119,000) respectively, which were classified as level 1 for the purpose of measuring fair value.

7. Revenue

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

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

8. Segment Information

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

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

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

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

8. Segment Information (Continued)

Segment information about these businesses is presented below:

For the year ended 31 March 2012:

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

8. Segment Information (Continued)

For the year ended 31 March 2011:

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

8. Segment Information (Continued)

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

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

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

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

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

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

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

8. Segment Information (Continued)

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

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

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

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

9. Other Income

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

10. Other Gains — Net

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

11. Expenses by Nature

	2012 HK$'000	2011 HK$'000
Costs of inventories and completed properties for sales	**174,331**	238,312
Employee benefit expenses (including directors' emoluments) (note 12)	**83,075**	74,528
Auditor's remuneration	**1,800**	1,856
Share option expenses for consultancy services (note 34)	**11,316**	—
Depreciation of property, plant and equipment	**8,162**	9,409
Amortisation of prepaid lease payments	**2,328**	2,318
(Reversal of)/Provision for impairment of trade and other receivables (note 28, note a)	**(18,340)**	4,215
Reversal of provision for inventory obsolescence (note 26, note b)	**(7,800)**	(16,300)
Operating lease rental on rented premises	**8,819**	10,355
Others	**49,433**	44,705
Total cost of sales, selling and administrative expenses	**313,124**	369,398

Note:

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

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

12. Employee Benefit Expenses (Including Directors' Emoluments)

	2012 HK$'000	2011 HK$'000
Salaries, wages and other benefits	**78,178**	69,528
Pension costs-defined contribution plans and social security costs	**3,452**	2,640
Employee share options expenses (note 34)	**1,445**	2,360
	83,075	74,528

13. Directors' and Senior Management's Emoluments

Particulars of the emoluments of the directors and the five highest paid individuals are as follows:

(a) Directors' emoluments for the year ended 31 March 2012

Name of director	Fees	Salaries and other allowances	Performance related incentive payment	Retirement benefit contributions	Other benefits (note b)	Share options benefits	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Mr. Cheng Chung Hing	–	3,600	–	12	1,553	–	5,165
Mr. Cheng Tai Po	–	3,600	–	12	910	–	4,522
Ms. Yan Sau Man, Amy	–	1,800	1,400	12	–	140	3,352
Mr. Zhang Huaqiao (note a)	–	2,236	–	6	–	1,151	3,393
Mr. Lee Kang Bor, Thomas	200	–	–	–	–	–	200
Mr. Fung Yat Sang	220	–	–	–	–	–	220
Mr. Lau Chi Wah, Alex	200	–	–	–	–	–	200
Mr. Kiu Wai Ming	220	–	–	–	–	–	220
	840	11,236	1,400	42	2,463	1,291	17,272

(b) Directors' emoluments for the year ended 31 March 2011

Name of director	Fees	Salaries and other allowances	Performance related incentive payment	Retirement benefit contributions	Other benefits (note b)	Share options benefits	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Mr. Cheng Chung Hing	–	2,700	–	12	1,350	–	4,062
Mr. Cheng Tai Po	–	3,600	–	12	706	–	4,318
Ms. Yan Sau Man, Amy	–	1,800	1,200	12	–	570	3,582
Mr. Lee Kang Bor, Thomas	–	3,071	–	12	–	1,261	4,344
Mr. Fung Yat Sang	220	–	–	–	–	–	220
Mr. Lau Chi Wah, Alex	200	–	–	–	–	–	200
Mr. Kiu Wai Ming	220	–	–	–	–	–	220
	640	11,171	1,200	48	2,056	1,831	16,946

Notes:

(a) Mr. Zhang Huaqiao was appointed as director on 20 September 2011 and resigned as director on 3 April 2012.

(b) Other benefits consist of approximate ratable value and rent of the properties for accommodation and other related expenses.

13. Directors' and Senior Management's Emoluments (Continued)

(c) Five highest paid individuals

The five individuals with the highest emoluments in the Group for the year include four (2011: four) directors of the Company whose emoluments are set out in note 13(a) above. The emoluments of the remaining one (2011: one) individual is as follows:

	2012 HK$'000	2011 HK$'000
Salaries, wages and other benefits	**1,864**	2,500
Pension costs-defined contribution plans and social security costs	**12**	12
Share options expenses	**60**	265
	1,936	2,777

During the year ended 31 March 2012, no emoluments were paid by the Group to the five highest paid individuals, including directors, as inducement to join or upon joining the Group or as compensation for loss of office (2011: Nil). In addition, during the year ended 31 March 2012, no director waived any emoluments (2011: Nil).

14. Income Tax Expense

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

14. Income Tax Expense (Continued)

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

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

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

The tax charge for the year can be reconciled to the profit before income tax as follows:

	2012 HK$'000	2011 HK$'000
Profit before income tax	**122,209**	92,426
Tax calculated at domestic income tax rate of 16.5% (2011: 16.5%)	**20,164**	15,250
Effect of different tax rates of subsidiaries operating in other jurisdictions	**6,587**	3,959
Tax effect of:		
Land appreciation tax	**(274)**	(2,961)
Changes in tax rate	**824**	1,151
Expenses that are not deductible for tax purpose	**4,248**	3,320
Income not subject to tax	**(2,923)**	(3,989)
Utilisation of tax loss not previously recognised	**—**	(105)
Derecognition of deferred tax asset in respect of unrecognised revenue	**7,492**	—
Tax loss for which no deferred income tax asset was recognised	**1,780**	6
Over-provision in prior years	**549**	(297)
Others	**488**	340
	38,935	16,674
Land appreciation tax	**1,095**	11,844
Income tax expense for the year	**40,030**	28,518

15. Profit/Loss Attributable to Equity Holders of the Company

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of HK$335,664,000 (2011: loss of HK$2,989,000).

16. Earnings Per Share

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

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

17. Dividend

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

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

18. Investment Properties

	The Group 2012 HK$'000	2011 HK$'000
At fair value		
At beginning of the year	**847,257**	762,865
Exchange differences	**25,040**	34,319
Additions during the year	**2,521**	4,491
Disposals during the year	**(41,597)**	(50,959)
Transferred from investment properties under construction	**—**	77,929
Transferred from property, plant and equipment	**1,916**	—
Transferred from prepaid lease payment	**893**	—
Transferred to property, plant and equipment	**(2,035)**	—
Increase in fair values	**35,595**	18,612
At end of the year	**869,590**	847,257

The Group's investment properties at 31 March 2012 were revalued by BMI Appraisals Limited and DTZ Debenham Tie Leung Limited, independent firms of professional property valuers, on market value basis. The valuations were arrived at by reference to comparable market transactions and where appropriate, on the basis of capitalisation of net income.

Majority of the Group's investment properties are intended to be rented out under operating leases.

The Group's interests in investment properties at their net book values are analysed as follows:

	The Group 2012 HK$'000	2011 HK$'000
Land and buildings situated in Hong Kong and held under leases of over 50 years	**4,720**	4,400
Land and buildings situated in Hong Kong and held under leases of between 10 and 50 years	**95,900**	93,300
Land and buildings situated in the PRC and held under leases of between 10 and 50 years	**678,688**	671,136
Land and buildings situated in the PRC and held under leases of over 50 years	**90,282**	78,421
	869,590	847,257

19. Investment Properties under Construction

	The Group	
	2012	2011
	HK$'000	HK$'000
At fair value		
At beginning of the year	**61,741**	133,679
Exchange differences	**2,158**	7,098
Additions	**163**	14,486
Interest capitalised	**13**	5,772
Transferred to properties under development	**—**	(21,365)
Transferred to investment properties	**—**	(77,929)
Increase in fair value	**4,805**	—
At end of the year	**68,880**	61,741
Less: Investment properties under construction held for sale classified as current asset (note)	**7,602**	—
Non-current portion	**61,278**	61,741

The Group's investment properties under construction at 31 March 2012 were revalued by DTZ Debenham Tie Leung Limited, an independent firm of professional property valuer, on market value basis. The valuations were arrived at by reference to comparable market transactions and where appropriate, on the basis of capitalisation of net income.

The Group's interests in investment properties under construction at their net book values are analysed as follows:

	The Group	
	2012	2011
	HK$'000	HK$'000
Land and buildings situated in the PRC and held under leases of between 10 and 50 years	**23,493**	21,725
Land and buildings situated in the PRC and held under leases of over 50 years	**45,387**	40,016
	68,880	61,741

Note:

As at 31 March 2012, investment properties under construction of RMB6,181,000 (equivalent to HK$7,602,000) which represent vacant land situated in the PRC, have been presented as held for sale following the approval of the Group's management in February 2012 to sell the land to a third party.

The land was sold at a consideration of RMB13,752,000 (equivalent to HK$16,915,000) to an independent third party, and the consideration has been received in full by the Group in March 2012. The transaction was subsequently completed in May 2012 with a gain on disposal of approximately HK$9,313,000.

20. Properties under Development

Properties under development held as current assets represent properties which are developed with an intention for future sale.

	The Group	
	2012	2011
	HK$'000	HK$'000
At beginning of the year	**36,711**	69,431
Exchange differences	**1,447**	3,687
Additions	**64,226**	17,026
Interest capitalised	**4,839**	1,127
Transferred from investment properties under construction	**–**	21,365
Transferred to completed properties held for sale	**(56,185)**	(75,925)
At end of the year	**51,038**	36,711

The Group's interests in properties under development at their net book values are analysed as follows:

	The Group	
	2012	2011
	HK$'000	HK$'000
Land and buildings situated in the PRC and held under leases of between 10 and 50 years	**–**	14,401
Land and buildings situated in the PRC and held under leases of over 50 years	**51,038**	22,310
	51,038	36,711

21. Property, Plant and Equipment

	Leasehold land and buildings HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
The Group						
Cost or valuation						
At 1 April 2010	96,170	16,404	28,466	8,807	6,911	156,758
Exchange differences	1,373	456	564	228	278	2,899
Additions	—	53	1,997	158	1,514	3,722
Disposals	—	(1,935)	(42)	(67)	(467)	(2,511)
Increase in fair values	9,815	—	—	—	—	9,815
At 31 March 2011	107,358	14,978	30,985	9,126	8,236	170,683
Exchange differences	471	303	375	267	446	1,862
Additions	—	—	1,909	512	920	3,341
Disposals	—	—	(104)	(155)	(892)	(1,151)
Transfer from investment properties	2,035	—	—	—	—	2,035
Transfer to investment properties	(1,916)	—	—	—	—	(1,916)
Increase in fair values	3,735	—	—	—	—	3,735
At 31 March 2012	**111,683**	**15,281**	**33,165**	**9,750**	**8,710**	**178,589**
Comprising:						
At cost — 31 March 2012	—	15,281	33,165	9,750	8,710	66,906
At valuation — 31 March 2012	111,683	—	—	—	—	111,683
	111,683	**15,281**	**33,165**	**9,750**	**8,710**	**178,589**
At cost — 31 March 2011	—	14,978	30,985	9,126	8,236	63,325
At valuation — 31 March 2011	107,358	—	—	—	—	107,358
	107,358	14,978	30,985	9,126	8,236	170,683
Accumulated depreciation						
At 1 April 2010	—	10,754	22,675	7,197	5,520	46,146
Exchange differences	18	438	551	212	221	1,440
Depreciation charge	2,819	2,378	2,400	809	1,003	9,409
Eliminated on disposals	—	(645)	(42)	(67)	(457)	(1,211)
Eliminated on revaluation	(2,837)	—	—	—	—	(2,837)
At 31 March 2011	—	12,925	25,584	8,151	6,287	52,947
Exchange differences	—	299	371	260	412	1,342
Depreciation charge	3,198	1,249	2,319	549	847	8,162
Eliminated on disposals	—	—	(94)	(155)	(757)	(1,006)
Eliminated on revaluation	(3,198)	—	—	—	—	(3,198)
At 31 March 2012	**—**	**14,473**	**28,180**	**8,805**	**6,789**	**58,247**
Net book value						
At 31 March 2012	**111,683**	**808**	**4,985**	**945**	**1,921**	**120,342**
At 31 March 2011	107,358	2,053	5,401	975	1,949	117,736

21. Property, Plant and Equipment (Continued)

The net book value of leasehold land and buildings shown above comprises:

	The Group	
	2012	2011
	HK$'000	HK$'000
Buildings situated in Hong Kong and held under leases of between 10 and 50 years	**82,200**	78,500
Buildings situated in the PRC and held under leases of between 10 and 50 years	**29,483**	28,858
	111,683	107,358

The Group's leasehold land and buildings at 31 March 2012 were revalued by BMI Appraisals Limited, an independent professional property valuer, on market value basis. The valuations were arrived at by reference to comparable market transactions. The increase in fair values arising from revaluation of the land and buildings of HK$6,933,000 (2011: HK$12,652,000) has been credited to the property revaluation reserve.

If the leasehold land and buildings had not been revalued, they would have been included in these consolidated financial statements at historical cost less accumulated depreciation and impairment losses of HK$48,836,000 (2011: HK$51,254,000).

22. Prepaid Lease Payments

	The Group	
	2012	2011
	HK$'000	HK$'000
Prepaid land lease payments (Note a)	**170**	223
Other prepaid lease payments (Note b)	**5,704**	7,801
	5,874	8,024

Notes:

(a) Prepaid land lease payments are amortised over the lease period of the related land. Amortisation expense has been charged to administrative expenses.

(b) Other prepaid lease payments are amortised over the lease period of 5 years. Amortisation expense has been charged to cost of sales.

22. Prepaid Lease Payments (Continued)

	The Group	
	2012	2011
	HK$'000	HK$'000
At beginning of the year	**8,024**	8,630
Exchange differences	**224**	366
Additions	**—**	1,346
Transferred to investment properties	**(893)**	—
Amortisation	**(2,328)**	(2,318)
Increase in fair values	**847**	—
At end of the year	**5,874**	8,024

	The Group	
	2012	2011
	HK$'000	HK$'000
The net book values of prepaid land lease payments are analysed as follows:		
Situated in the PRC held under leases of between 10 and 50 years	**170**	223

23. Investment in an Associate

	The Group	
	2012	2011
	HK$'000	HK$'000
At beginning of the year	**121**	100
Exchange differences	**4**	6
Share of (loss)/profit of an associate	**(4)**	15
At end of the year	**121**	121
Current liabilities:		
Amount due to an associate (note)	**2,032**	1,492

Note: The amount due to an associate is interest free, unsecured and has no fixed repayment terms. The carrying amount approximates its fair value and is denominated in RMB.

23. Investment in an Associate (Continued)

Unaudited financial information of the associate for the years ended 31 March 2012 and 2011 was summarised as follows:

	2012 HK$'000	2011 HK$'000
Assets	**3,013**	2,729
Liabilities	**(2,408)**	(2,124)
Equity	**605**	605

	2012 HK$'000	2011 HK$'000
Revenue	**2,401**	2,123
(Loss)/Profit for the year	**(20)**	76

At 31 March 2012 and 2011, the Group's investment in an associate is as follows:

Name of Company	Place of establishment/ operation	Class of shares held	Proportion of ownership interest %	Principal activities
Zhuji Pan-Asia Property Management Company Limited (諸暨泛亞物業管理有限公司)	People's Republic of China	Registered capital RMB500,000	20%	Property management

24. Investments in Subsidiaries and Amounts due from Subsidiaries

	The Company 2012 HK$'000	2011 HK$'000
Non-current assets:		
Unlisted shares, at cost	**210,695**	210,542
Amounts due from subsidiaries	**579,860**	233,049
Current assets:		
Amounts due from subsidiaries	**70,683**	94,424

The carrying value of the unlisted shares is based on the book values of the underlying net assets of the subsidiaries attributable to the Group as at the date on which the Company became the holding company of the Group pursuant to the corporate reorganisation in 1997.

24. Investments in Subsidiaries and Amounts due from Subsidiaries (Continued)

The non-current amounts due from subsidiaries are unsecured, interest-free and not repayable within one year. The carrying amounts approximate their fair value and are denominated in Hong Kong dollar.

The current amounts due from subsidiaries are unsecured, interest-free and have no fixed repayment terms. The carrying amounts approximate their fair value and are denominated in Hong Kong dollar.

Details of the Company's subsidiaries at 31 March 2012 are set out in note 44 to the consolidated financial statements.

25. Deferred Income Tax

The followings are the major deferred income tax liabilities/(assets) recognised by the Group and movements thereon during the years ended 31 March 2012 and 2011.

	Revaluation of properties HK$'000	Accelerated tax depreciation HK$'000	Tax losses HK$'000	Unrealised profit in inventories HK$'000	Unrecognised revenue (note a) HK$'000	Others HK$'000	Total HK$'000
The Group							
At 1 April 2010	104,125	(1,056)	(219)	(2,253)	(15,582)	(998)	84,017
Exchange differences	3,485	(16)	–	–	(995)	(31)	2,443
Net charge/(credit) to income statement	2,845	142	193	210	(4,753)	(180)	(1,543)
Net charge to equity	2,140	–	–	–	–	–	2,140
At 31 March 2011	112,595	(930)	(26)	(2,043)	(21,330)	(1,209)	87,057
Exchange differences	1,784	10	–	–	(593)	14	1,215
Net charge/(credit) to income statement	8,940	285	26	(24)	7,492	369	17,088
Net charge to equity	1,471	–	–	–	–	–	1,471
At 31 March 2012	**124,790**	**(635)**	**–**	**(2,067)**	**(14,431)**	**(826)**	**106,831**

Note:

(a) Unrecognised revenue represents the amounts of the sale transactions, with respect to that the Group transferred the title of certain properties to customers upon receipt of partial payments, has not received or related receivable is not reasonably asserted. Enterprise income tax has been provided for based on the full contractual amount of the related sales transactions and in accordance with relevant rules and regulations even though a part of the sales considerations has not been recorded as revenue. As such, a deferred income tax asset was arisen from the provision for such enterprise income tax.

25. Deferred Income Tax (Continued)

For the purpose of balance sheet presentation, certain deferred income tax assets and liabilities have been offset in accordance with conditions set out in HKAS 12. The following is the analysis of the deferred income taxation for financial reporting purposes:

	The Group	
	2012	2011
	HK$'000	HK$'000
Deferred income tax liabilities	**107,739**	88,183
Deferred income tax assets	**(908)**	(1,126)
	106,831	87,057

At 31 March 2012, the Group has unused tax losses of HK$24,761,000 (2011: HK$14,232,000) available for offsetting against future profits. No deferred income tax asset has been recognised with respect to the total of HK$24,761,000 (2011: HK$14,078,000) due to unpredictability of future profit streams. Tax losses of HK$24,548,000 (2011: HK$14,211,000) have no expiry date while the remaining tax losses of HK$214,000 (2011: HK$21,000) will be expired in year 2017 (2011: 2016).

At 31 March 2012, deferred income tax liabilities of HK$4,431,000 (2011: HK$2,459,000) has not been recognised for the withholding tax and other taxes that would be payable on the unremitted earnings of certain subsidiaries as the Company controls the dividend policies of these subsidiaries and it is not probable that these subsidiaries would distribute earnings in the foreseeable future. Unremitted earnings totalled HK$89,627,000 (2011: HK$49,188,000) as at 31 March 2012.

26. Inventories

	The Group	
	2012	2011
	HK$'000	HK$'000
Raw materials	**22,857**	17,896
Work in progress	**21,185**	20,743
Finished goods	**27,114**	13,465
	71,156	52,104

During the year, the Group reversed provision for inventory obsolescence of HK$7,800,000 (2011: HK$16,300,000). Such reversal has been included in cost of sales in the consolidated income statement.

27. Completed Properties held for Sale

The Group's interest in completed properties held for sale at their net book values are analysed as follows:

	The Group	
	2012	2011
	HK$'000	HK$'000
Land and buildings situated in the PRC held under leases of between 10 and 50 years	**252,633**	186,605
Land and buildings situated in the PRC held under leases of over 50 years	**10,787**	20,138
	263,420	206,743

28. Trade and Other Receivables

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

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

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

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

28. Trade and Other Receivables (Continued)

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2012 HK$'000	2011 HK$'000
Renminbi	**203,780**	82,183
United States dollar	**51,909**	46,067
Hong Kong dollar	**11,011**	6,578
Others	**803**	7
	267,503	134,835

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

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

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

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

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

28. Trade and Other Receivables (Continued)

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

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

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

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

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

29. Financial Assets at Fair Value through Profit or Loss

	The Group		**The Company**	
	2012 HK$'000	2011 HK$'000	**2012 HK$'000**	2011 HK$'000
Trading securities, at market value:				
Listed equity investments in Hong Kong	**45,435**	30,540	**2,225**	2,119

The fair values of the listed equity investments have been determined directly by reference to published price quotations in active markets.

30. Cash and Cash Equivalents

	The Group		The Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Bank balances and cash	**573,514**	207,445	**1,872**	3,508
Time deposits	**31,585**	399,361	**—**	—
	605,099	606,806	**1,872**	3,508

The carrying amounts of the cash and cash equivalents approximate their fair values. The carrying amounts of cash and cash equivalents are denominated in the following currencies:

	The Group		The Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Renminbi	**305,583**	77,720	**—**	—
United States dollar	**177,766**	295,811	**30**	7
Hong Kong dollar	**115,088**	231,291	**1,842**	3,501
Others	**6,662**	1,984	**—**	—
	605,099	606,806	**1,872**	3,508

The time deposit periods approximately range from 1 month to 2 months and the deposits carry interest at short-term deposit rates of below 1% (2011: below 1%).

The conversion of RMB-denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

31. Trade and Other Payables

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

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

31. Trade and Other Payables (Continued)

The ageing analysis of trade payables is as follows:

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

The carrying amounts of trade and other payables approximate their fair values. The carrying amounts of trade and other payables are denominated in the following currencies:

	2012 HK$'000	2011 HK$'000
Renminbi	**355,493**	312,003
United States dollar	**13,931**	16,572
Hong Kong dollar	**135,956**	134,151
Others	**84**	316
	505,464	463,042

32. Borrowings

	The Group	
	2012 HK$'000	2011 HK$'000
Current		
Bank borrowings	**—**	23,800
Other loan	**36,900**	—
	36,900	23,800
Non-current		
Bank borrowings	**—**	71,400
Other loan	**147,600**	—
	147,600	71,400
Total borrowings	**184,500**	95,200

32. Borrowings (Continued)

The maturity of the above borrowings is as follows:

	2012 HK$'000	2011 HK$'000
Within 1 year	**36,900**	23,800
Between 1 and 2 years	**36,900**	—
Between 2 and 5 years	**110,700**	71,400
	184,500	95,200

(a) Bank borrowings

As at 31 March 2011, the Group's bank borrowings of HK$95,200,000, denominated in Chinese Renminbi ("RMB"), were secured by certain investment properties and completed properties held for sale located in the PRC with an aggregate carrying amount of HK$117,515,000.

As at 31 March 2011, the carrying amount of bank borrowings approximated its fair value. The bank borrowings were carried at interest rate ranging from 5.3% to 6.3% per annum.

All bank borrowings were fully repaid during the year ended 31 March 2012.

As at 31 March 2012, the Group has undrawn banking facilities of HK$104,440,000 (2011: HK$133,320,000). Such facilities are secured by investment properties and completed properties held for sale located in the PRC of HK$128,692,000 (2011: HK$124,657,000).

(b) Other loan

During the year ended 31 March 2012, the Group entered into a fund arrangement with a financial institution (the "Trustee"). Pursuant to this fund arrangement, the Trustee raised a trust fund totaling RMB150,000,000 to finance property development projects in relation to China Pearl & Jewllery City. The borrowings are interest-bearing at the prevailing lending rates published by the People's Bank of China from time to time. This fund arrangement is recognised as other loan and will mature in June 2016.

The carrying amount of other loan of HK$184,500,000, denominated in RMB, is subject to an effective interest rate of 8.8% per annum.

The other loan was secured by certain investment properties located in the PRC with an aggregate carrying amount of HK$293,060,000.

33. Share Capital

	Number of shares 2012 '000	Number of shares 2011 '000	Share capital 2012 HK$'000	Share capital 2011 HK$'000
Authorised:				
Shares of HK$0.10 each	**5,000,000**	5,000,000	**500,000**	500,000
Issued and fully paid:				
At beginning of the year	**1,227,090**	1,224,940	**122,709**	122,494
Issue of new shares upon exercise of share options	**37,250**	2,150	**3,725**	215
At end of the year	**1,264,340**	1,227,090	**126,434**	122,709

34. Share-based Payment

(a) Share options granted to employees and directors of the Group

Share Option Scheme

On 2 August 2002, the Company adopted a new share option scheme (the "2002 Scheme") and terminated the one adopted on 8 September 1997 (the "1997 Scheme").

The purpose of the 2002 Scheme is to provide incentives to the eligible participants to contribute to the Group and to enable the Group to recruit high-caliber employees and attract resources that are valuable to the Group. Under the 2002 Scheme, the board of directors of the Company may grant options to any person being an employee, officer, agent, or consultant of the Group including executive or non-executive directors of the Company and its subsidiaries, to subscribe for shares in the Company at a price to be determined by the board of directors being the highest of (a) the closing price of the shares on the Stock Exchange on the date of grant of the option, which must be a trading day; (b) the average closing price of the shares of the Stock Exchange for the five trading days immediately preceding the date of grant of the option; and (c) the nominal value of the shares.

The total number of shares in respect of which the 2002 Scheme and any other share option schemes of the Group is not permitted to exceed 10% of the number of shares in issue at the date of adoption of the 2002 Scheme or such number of shares as result from a sub-division or consolidation of the number of shares at that date. Subject as provided in the 2002 Scheme, the Company may seek approval from its shareholders in general meeting to refresh this 10% limit, but the total number of shares which may be issued under the 2002 Scheme must not exceed 30% of the number of shares in issue from time to time.

No participant shall be granted an option which, if accepted and exercised in full, would result in the participant becoming entitled to subscribe for such number of shares as, when aggregated with the total number of shares already issued and which may be issued upon exercise of all options granted and to be granted to him, together with all options granted and to be granted to him under any other share option schemes of the Company and/or any subsidiaries, within the 12-month period immediately preceding the proposed date of grant (including exercised, cancelled and outstanding options), would exceed 1% of the number of shares in issue as at the proposed date of grant.

The 2002 Scheme shall be valid and effective for a period of 10 years commencing 2 August 2002.

34. Share Based Payment (Continued)

(a) Share options granted to employees and directors of the Group (Continued)

Share Option Scheme (Continued)

Options granted must be taken up within 28 days of the date of grant upon payment of HK$1 for each grant of options. Subject to as provided in the 2002 Scheme, options may be exercised at any time during the option period, which is to be notified by the board of directors to each grantee, commencing on the date of grant or such later date as the board of directors may decide and expiring on such date as the board of directors may determine, provided that such period is not to exceed ten years from the date of grant, and subject to any restrictions that may be imposed by the board of directors in its discretion.

Details of the principal terms of the 2002 Scheme are set out in the circular of the Company dated 4 July 2002.

The following tables disclose details of the Company's share options held by directors and employees and movements in such holdings during the year.

			Number of share options							
Date of grant	Exercisable period	Exercise price (HK$)	Outstanding at 31 March 2010	Exercised	Lapsed	Outstanding at 31 March 2011	Granted	Exercised	Lapsed	Outstanding at 31 March 2012
Directors										
2 May 2006	2 May 2006 to 1 May 2012	0.253	12,000,000	–	–	12,000,000	–	(11,000,000)	–	1,000,000
1 September 2009	1 September 2009 to 31 August 2012	0.450	18,000,000	–	(5,000,000)	13,000,000	–	–	(5,000,000)	8,000,000
20 September 2011	20 September 2011 to 19 September 2016	0.630	–	–	–	–	12,353,902	–	–	12,353,902
			30,000,000	–	(5,000,000)	25,000,000	12,353,902	(11,000,000)	(5,000,000)	21,353,902
Employees										
2 May 2006	2 May 2006 to 1 May 2012	0.253	15,000,000	–	(5,000,000)	10,000,000	–	(10,000,000)	–	–
18 September 2006	18 September 2006 to 17 September 2011	0.233	7,000,000	–	–	7,000,000	–	(7,000,000)	–	–
13 March 2007	1 January 2008 to 12 March 2012	0.500	5,000,000	–	–	5,000,000	–	(1,300,000)	(3,700,000)	–
27 August 2009	27 August 2009 to 26 August 2012	0.397	20,050,000	(2,150,000)	(1,350,000)	16,550,000	–	(7,950,000)	–	8,600,000
2 March 2012	2 March 2012 to 1 March 2017	0.610	–	–	–	–	3,000,000	–	–	3,000,000
			47,050,000	(2,150,000)	(6,350,000)	38,550,000	3,000,000	(26.250.000)	(3,700,000)	11,600,000
			77,050,000	(2,150,000)	(11,350,000)	63,550,000	15,353,902	(37,250,000)	(8,700,000)	32,953,902
Options vested at end of year			55,550,000			52,550,000				21,717,967
Weight average exercise price			HK$0.351			HK$0.348				HK$0.512
Weighted average exercise price of options vested			HK$0.318			HK$0.330				HK$0.454
Weighted average remaining contractual life			2.18 years			1.16 years				2.34 years

34. Share Based Payment (Continued)

(a) Share options granted to employees and directors of the Group (Continued)

During the year, the Company granted 15,353,902 share options (2011: Nil) to a director of the Company and an employee of the Group under the share option scheme. During the year, 37,250,000 (2011: 2,150,000) options were exercised and 8,700,000 (2011: 11,350,000) options were forfeited or lapsed. The weighted average closing price of the Company's shares immediately on the date which share options were exercised during the year was HK$0.483 (2011: HK$0.510).

(b) Share options granted to a consultant

During the year ended 31 March 2012, the Group has engaged a consultant to assist in seeking and identifying appropriate merger and acquisition targets with an aim to develop the Group's presence in the money lending business in Hong Kong and the PRC, and also a senior executive with relevant experience in this sector.

The Company granted 49,415,608 share options of the Company pursuant to general mandate to the directors of the Company at the annual general meeting of the Company held on 15 August 2011 to this consultant as service fee.

Details of share options granted to a consultant under the general mandate are as follows:

			Number of options			
Date of grant	Exercisable period	Exercise price (HK$)	Outstanding at 1 April 2011	Granted	Outstanding at 31 March 2012	Vesting conditions
20 September 2011	20 September 2011 — 19 September 2016	0.515	—	49,415,608	49,415,608	Vested on the date of grant

(c) Fair values of share options and assumptions

During the year, a total share option expense of HK$12,761,000 (2011: HK$2,360,000) was recognised in the income statement in relation to share options granted by the Company. Details of share based payments by nature are as follows:

	2012 HK$'000	2011 HK$'000
Employee share option expenses	**1,445**	2,360
Share option expenses for consultancy services (note)	**11,316**	—
	12,761	2,360

Note: The fair value of consultancy services is estimated by reference to the fair value of the share option granted.

34. Share Based Payment (Continued)

(c) Fair values of share options and assumptions (Continued)

The fair value of the options granted was calculated using the Black-Scholes option pricing model (the "Model"). The inputs into the Model were as follows:

Share option for directors and employees

Date of grant	2 May 2006	18 September 2006	13 March 2007	27 August 2009	1 September 2009	20 September 2011	2 March 2012
Number of share options granted	48,000,000	20,000,000	5,000,000	20,750,000	18,000,000	12,353,902	3,000,000
Share price on date of grant	HK$0.250	HK$0.233	HK$0.500	HK$0.390	HK$0.450	HK$0.630	HK$0.610
Exercise price	HK$0.253	HK$0.233	HK$0.500	HK$0.397	HK$0.450	HK$0.630	HK$0.610
Expected volatility	21.83%	35.25%	60.91%	90.63%	90.63%	42.67%	59.07%
Average expected life	5 years	5 years	5 years	2.5 years	2.5 years	3 years	4.5 years
Risk-free interest rate	4.660%	4.025%	4.030%	0.990%	0.990%	0.303%	0.543%
Expected dividend yield	0.00%	0.00%	0.00%	1.810%	1.810%	2.04%	4.01%

Share option for consultancy service:

Date of grant	20 September 2011
Number of share options granted	49,415,608
Share price on date of grant	HK$0.630
Exercise price	HK$0.515
Expected volatility	42.67%
Average expected life	5 years
Risk-free interest rate	0.303%
Expected dividend yield	2.04%

35. Reserves — The Company

	Share premium HK$'000	Contributed surplus HK$'000	Share option reserve HK$'000	(Accumulated losses)/Retained earnings HK$'000	Total HK$'000
The Company					
At 1 April 2010	321,606	96,857	9,223	(6,757)	420,929
Issue of new shares upon exercise of share options	639	–	–	–	639
Employee share option benefits	–	–	2,360	–	2,360
Loss for the year	–	–	–	(2,989)	(2,989)
Transferred to share premium upon exercise of share options	414	–	(414)	–	–
Transferred to retained profits upon lapse of share options	–	–	(1,742)	1,742	–
At 31 March 2011	322,659	96,857	9,427	(8,004)	420,939
Issue of new shares upon exercise of share options	7,025	–	–	–	7,025
Dividends (note 17)	–	(37,852)	–	–	(37,852)
Employee share option benefits	–	–	12,761	–	12,761
Profit for the year	–	–	–	335,664	335,664
Transferred to share premium upon exercise of share options	4,023	–	(4,023)	–	–
Transferred to retained earnings upon lapse of share options	–	–	(2,144)	2,144	–
At 31 March 2012	**333,707**	**59,005**	**16,021**	**329,804**	**738,537**

Contributed surplus represents the difference between the consolidated shareholders' funds of the subsidiaries acquired and the nominal value of the Company's shares issued for the acquisition at the time of the corporate reorganisation in 1997.

Under the Companies Act 1981 of Bermuda, the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

(a) it is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

36. Pledge of Assets

At the balance sheet date, the Group had pledged the following assets to banks or financial institutions to secure banking facilities and other loan granted to the Group:

	The Group	
	2012	2011
	HK$'000	HK$'000
Investment properties	**421,752**	235,405
Completed properties held for sale	**—**	6,767
	421,752	242,172

The Company did not have any pledge of assets as at 31 March 2012 (2011: Nil).

37. Finance Income and Costs

	2012	2011
	HK$'000	HK$'000
Finance income		
Interest income on short-term bank deposits	**10,550**	5,014
Other interest income	**2,017**	—
	12,567	5,014
Finance costs		
Interest expenses on borrowings	**(13,734)**	(8,081)
Amount capitalised on qualifying assets	**4,852**	6,899
	(8,882)	(1,182)
Finance income — net	**3,685**	3,832

38. Capital Commitment

	The Group	
	2012	2011
	HK$'000	HK$'000
Capital expenditure in relation to construction of property and land acquisition contracted but not provided for in the consolidated financial statements	**37,604**	89,611

The Company did not have any significant capital commitments as at 31 March 2012 (2011: Nil).

39. Operating Lease Arrangements

The Group as lessee

At the balance sheet date, the Group had outstanding commitments for the future minimum lease payments under non-cancellable operating leases which fall due as follows:

	The Group	
	2012	2011
	HK$'000	HK$'000
Operating leases which expire:		
Within one year	**10,329**	10,452
In the second to fifth year inclusive	**8,701**	18,853
	19,030	29,305

Leases are negotiated for an average term of one to five years and rentals are fixed during the relevant lease period.

The Group as lessor

Property rental income earned during the year was HK$37,444,000 (2011: HK$31,321,000).

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments receivable under non-cancellable operating leases:

	The Group	
	2012	2011
	HK$'000	HK$'000
Within one year	**31,699**	27,845
In the second to fifth year inclusive	**6,772**	6,211
	38,471	34,056

40. Contingent Liabilities

During the year ended 31 March 2012, the Company issued corporate guarantees to banks in respect of general banking facilities granted to its subsidiaries. No banking facilities with corporate guarantee have been utilised by subsidiaries during the year ended 31 March 2012 (2011: Nil).

The Group entered into a mortgage collaboration agreement with a bank in Mainland China under which the Group agreed to indemnify the bank for any failure by purchasers of the Group's properties in CP&J Project to repay the borrowings or interest to the bank for the period before and up to the bank registering the certificates of real estate ownership as collateral for the borrowings. As at 31 March 2012, the Group has maximum exposure on the guarantees of HK$76,296,900 (2011: HK$88,429,000). The directors are of the view that the fair value of such guarantee is not significant.

Save as disclosed above, the Group had no other significant contingent liabilities as at 31 March 2012 (2011: Nil).

41. Related Party Transactions

(a) Key management compensation

	2012 HK$'000	2011 HK$'000
Salaries, wages and other benefits	**16,648**	16,467
Pension costs-defined contribution plans and social security costs	**55**	60
Share options expenses	**1,384**	2,096
	18,087	18,623

(b) The Group entered into the following material related party transactions, which were carried out in the ordinary course of the Group's business.

Related party relationship	Nature of transaction	2012 HK$'000	2011 HK$'000
An entity which is significantly influenced by a key management personnel of the Company	Reimbursement of rental charges paid on behalf	**1,822**	1,884

Save as disclosed in the consolidated financial statements, there were no other significant related party transactions.

42. Retirement Benefits Schemes

The Group participates in a Mandatory Provident Fund Scheme ("MPF Scheme") for all qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of an independent trustee. The Group contributes 5% of relevant payroll costs to the MPF Scheme, which contribution is matched by employees. The monthly contributions of each of the employer and the employee are subject to a cap of HK$1,000 and thereafter contributions are voluntary.

The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefits scheme being operated by the local PRC government. The subsidiaries are required to contribute 10% to 15% of the average basic salary to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions.

The total cost charged to the consolidated income statement of HK$3,452,000 (2011: HK$2,640,000) represents contributions payable to these schemes by the Group in respect of the current accounting period.

43. Events after the Balance Sheet Date

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

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

44. Particulars of Principal Subsidiaries

The list below gives the particulars of principal subsidiaries of the Group which, in opinion of the directors, principally affect the operating results and net assets of the Group. To give full details of subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Name of subsidiary	Place of establishment/ principal place of operations	Nominal value of issued share capital/ registered capital	Percentage of equity attributable to the Group (note 1)	Principal activities
Arcadia Jewellery Limited	Hong Kong	Ordinary HK$500,000	100%	Trading and manufacturing of jewellery products
China Pearls and Jewellery City Holdings Limited	Hong Kong	Ordinary HK$10,000	55%	Investment holding
China Pearls and Jewellery International City Co. Ltd. (note 3)	PRC	Registered capital US$30,000,000	55%	Property development and investment
Man Hing Industry Development (Shenzhen) Co., Ltd. (note 3)	PRC	Registered capital HK$29,600,000	100%	Purchasing and processing of pearls and assembling of pearl jewellery and property investment
Man Sang Innovations Limited	Hong Kong	Ordinary HK$5,000	100%	Trademark holding
Man Sang Jewellery Company Limited	Hong Kong	Ordinary HK$500 Deferred share HK$500 (note 2)	100%	Trading of pearl products and investment holding
Market Leader Technology Limited	British Virgin Islands/Hong Kong	Ordinary US$100	100%	Investment holding and trading of equity securities
Swift Millions Limited	Hong Kong	Ordinary HK$5,000	100%	Property investment
Man Sang Finance Limited	British Virgin Islands	Ordinary HK$350,000,000	100%	Investment holding
Man Sang International Finance Limited	Hong Kong	Ordinary HK$1	100%	Investment holding

44. Particulars of Principal Subsidiaries (Continued)

Notes:

1. The Company directly holds the interests in Man Sang Innovations Limited and Market Leader Technology Limited. All other interests shown above are indirectly held by the Company.

2. The non-voting deferred shares practically carry no rights to dividends or to receive notice of or to attend or vote at any general meeting of the company or to participate in any distribution on winding up.

3. The companies were registered in the PRC as foreign wholly-owned investment enterprise.

Five-year Financial Summary

Results

	For the year ended 31 March				
	2012	2011	2010	2009	2008
	HK$'000	HK$'000	HK$'000 (restated)	HK$'000 (restated)	HK$'000 (restated)
Revenue	**370,236**	401,854	339,379	359,734	640,493
Profit/(Loss) before income tax	**122,209**	92,426	(39,557)	(189,533)	590,204
Income tax (expense)/credit	**(40,030)**	(28,518)	14,369	51,396	(186,844)
Profit/(Loss) for the year	**82,179**	63,908	(25,188)	(138,137)	403,360
Profit/(Loss) attributable to:					
Equity holders of the Company	**56,024**	54,753	13,086	(75,529)	232,106
Non-controlling interests	**26,155**	9,155	(38,274)	(62,608)	171,254
	82,179	63,908	(25,188)	(138,137)	403,360
Dividend per share					
Interim	**3 HK cents**	—	3 HK cents	—	—
Proposed final	**2 HK cents**	—	—	—	3 HK cents
Proposed special	**20 HK cents**	—	—	—	—
	25 HK cents	—	3 HK cents	—	3 HK cents

Assets and Liabilities

	At 31 March				
	2012	2011	2010	2009	2008
	HK$'000	HK$'000	HK$'000 (restated)	HK$'000 (restated)	HK$'000 (restated)
Total assets	**2,373,081**	2,108,538	2,074,967	2,083,319	2,335,092
Total liabilities	**916,535**	751,523	830,661	805,332	890,252
Non-controlling interests	**166,329**	131,603	110,425	148,693	204,368
Equity attributable to equity holders of the Company	**1,290,217**	1,225,412	1,133,881	1,129,294	1,240,472

Principal Properties

Below is a schedule of investment properties held by the Group in Hong Kong and the PRC as at 31 March 2012:

Location	Description and Tenure (note)	Use	Group's Interest
Group I			
Unit 7, 4th Floor, Wing Tuck Commercial Centre, No. 13–17 Bonham Strand West and No. 177–183 Wing Lok Street, Sheung Wan, Hong Kong (17/2,422nd equal and undivided shares of and in the Remaining Portions of Inland Lot No. 1073, 1728, 1760 & 1761 and the Remaining Portion of Section A of Inland Lot No. 1760)	The gross floor area of the property is approximately 88.91 square metres and the saleable area is approximately 70.79 square metres. The property is held under long lease.	Office for lease	100%
19th Floor, Railway Plaza, No. 39 Chatham Road South, Tsim Sha Tsui, Kowloon, Hong Kong (6,000/168,000th equal and undivided shares of and in the Remaining Portion of Kowloon Inland Lot Nos. 10453 & 7700 and Kowloon Inland Lot No. 8511)	The gross floor area of the property is approximately 1,010.78 square metres. The property is held under medium lease.	Office for lease	100%
Group II			
20 blocks of Man Sang Industrial City, Min Sheng Main Road, Gong Ming Zhen, Bao An District, Shenzhen, the PRC	The property has a total gross floor area of approximately 56,516.93 square metres. The properties are held under medium lease.	Factories and dwellings for lease	100%
Part of Market Centre of Phase I, CP&J City in Shanxiahu Town, Zhuji, Zhejiang Province, the PRC	The properties have a total gross floor area of approximately 49,092.74 square metres. The properties are held under medium lease.	Commercial booths and shops for lease	55%
Part of factory buildings of Phase I, CP&J City in Shanxiahu Town, Zhuji, Zhejiang Province, the PRC	The property has a total gross floor area of approximately 24,926.56 square metres. The properties are held under medium lease.	Factories for lease	55%

Location	Description and Tenure (note)	Use	Group's Interest
Part of composite building of Phase I, CP&J City in Shanxiahu Town, Zhuji, Zhejiang Province, the PRC	The property has a total gross floor area of approximately 21,235.38 square metres. The properties are held under long lease.	Commercial building for lease	55%
Group III			
Industrial Land, Phase I, CP&J City, Shanxiahu Town, Zhuji, Zhejiang Province, the PRC	The properties has a total site area of approximately 35,876.00 square meters. The property is held under medium lease.	Land under development in planning stage	55%
Commercial/residential land, Phase I, CP&J City, Shanxiahu Town, Zhuji, Zhejiang Province, the PRC	The properties have a total site area of approximately 18,097.23 square meters. The property is held under long lease.	Land under development in planning stage	55%

Notes:

Long lease represents the lease of over 50 years; medium lease represents the lease of between 10 years and 50 years.

Group I — Investment properties held by the Group in Hong Kong

Group II — Investment properties held by the Group in the PRC

Group III — Investment properties under construction held by the Group in the PRC