



MAN SANG INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 938)

UNAUDITED FINANCIAL RESULTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2007

Website: <http://www.man-sang.com>

In view of the fact that Man Sang Holdings, Inc., the holding company of Man Sang International Limited (the "Company"), is listed on the American Stock Exchange, the quarterly and annual results of the Company and its holding company are required to be simultaneously disseminated in Hong Kong and the United States.

The Board of Directors of the Company is pleased to announce the unaudited financial results of the Company and its subsidiaries (collectively referred to as the "Group") for the third quarter and nine months ended December 31, 2007. The results have been reviewed by the Company's audit committee.

THE FIRST THREE QUARTERS' RESULTS HIGHLIGHTS

	For the nine months ended		Increase	
	2007	2006	HK\$'000	Percentage
	HK\$'000	HK\$'000		
Turnover	<u>318,675</u>	<u>300,112</u>	18,563	6.2%
Profit attributable to equity shareholders	<u>49,440</u>	<u>33,294</u>	16,146	48.5%
	HK cents per share			
Basic earnings	4.40 cents	3.33 cents		

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

		For the three months ended December 31, 2007		For the nine months ended December 31, 2007	
	<i>Notes</i>	<i>HK\$'000</i>	<i>2006 HK\$'000</i>	<i>HK\$'000</i>	<i>2006 HK\$'000</i>
Turnover	3	108,616	106,780	318,675	300,112
Cost of sales		<u>(74,614)</u>	<u>(83,061)</u>	<u>(211,450)</u>	<u>(216,736)</u>
Gross Profit		34,002	23,719	107,225	83,376
Investment income		5,412	3,784	14,746	7,861
Net unrealized gain on financial assets at fair value through profit or loss		215	594	1,447	766
Other operating income	4	7,748	1,596	10,554	3,992
Selling expenses		(1,195)	(746)	(6,434)	(6,093)
Administrative expenses		<u>(37,200)</u>	<u>(19,158)</u>	<u>(80,731)</u>	<u>(52,902)</u>
Profit before taxation		8,982	9,789	46,807	37,000
Taxation	5	<u>(278)</u>	<u>(1,219)</u>	<u>(4,699)</u>	<u>(3,706)</u>
Net profit for the period		8,704	8,570	42,108	33,294
Loss attributable to minority interests		<u>2,699</u>	<u>—</u>	<u>7,332</u>	<u>—</u>
Profit attributable to equity shareholders		<u>11,403</u>	<u>8,570</u>	<u>49,440</u>	<u>33,294</u>
Earnings per share	6				
Basic				<u>4.40 cents</u>	<u>3.33 cents</u>
Diluted				<u>4.23 cents</u>	<u>3.29 cents</u>

Notes:

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and accounting principles generally accepted in Hong Kong.

2. ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements are prepared in compliance with the HKFRSs, which includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations (“HKAS-Int”) issued by the HKICPA and accounting principles generally accepted in Hong Kong.

The accounting policies adopted are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended March 31, 2007.

The Group has adopted the following new/revised HKFRSs, which also included HKASs and HKAS-Int that are effective for accounting periods commencing on or after January 1, 2007:

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK (IFRIC) — Int 8	Scope of HKFRS 2
HK (IFRIC) — Int 10	Interim Financial Reporting and Impairment

The adoption of these new/revised HKFRSs had no material effect on the preparation and presentation of the results and financial position of the Group for the current or prior accounting periods.

The Group has not early applied the following new or revised standards, amendment or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards, amendment or interpretations, will have no material impact on how the results and financial position of the Group are prepared and presented except for HKFRS 8. However, the directors are not yet in a position to determine whether HKFRS 8 would have a significant impact on how the disclosure of segmental information in the unaudited condensed consolidated financial statements are presented.

HKAS 1 (Revised)	Presentation of Financial Statements ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKFRS 8	Operating Segments ¹

¹ Effective for annual periods beginning on or after January 1, 2009

3. TURNOVER AND SEGMENT INFORMATION

Turnover represents the net amounts received and receivable in respect of goods sold, less returns and allowances, by the Group to outside customers during the period.

For management purpose, the Group is currently organized into three operating segments — pearls and jewelry, property investment and property development. The following segments are the basis on which the Group reports its primary segment information:

Pearls and jewelry	—	Purchasing, processing, assembling, merchandising and wholesale distribution of pearls and jewelry products
Property investment	—	Leasing of properties
Property development	—	Development and sales of properties

Segment information about the businesses is presented below:

For the nine months ended December 31, 2007 (unaudited)

	Pearls and Jewelry <i>HK\$'000</i>	Property Investment <i>HK\$'000</i>	Property Development <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue				
External sales or rentals	<u>318,675</u>	<u>4,153</u>	<u>—</u>	<u>322,828</u>
Results				
Segment results	<u>45,512</u>	<u>6,579</u>	<u>(17,616)</u>	34,475
Unallocated other operating income				16,858
Unallocated corporate expenses				<u>(4,526)</u>
Profit before taxation				<u>46,807</u>

For the nine months ended December 31, 2006 (unaudited)

	Pearls and Jewelry <i>HK\$'000</i>	Property Investment <i>HK\$'000</i>	Property Development <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue				
External sales or rentals	<u>300,112</u>	<u>2,912</u>	<u>—</u>	<u>303,024</u>
Results				
Segment results	<u>34,983</u>	<u>(111)</u>	<u>—</u>	34,872
Unallocated other operating income				9,707
Unallocated corporate expenses				<u>(7,579)</u>
Profit before taxation				<u>37,000</u>

4. OTHER OPERATING INCOME

	For the nine months ended December 31,	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Rental income	4,153	2,912
Gain on disposal of investment property	5,600	—
Others	<u>801</u>	<u>1,080</u>
	<u>10,554</u>	<u>3,992</u>

5. TAXATION

	For the nine months ended	
	December 31,	
	2007	2006
	HK\$'000	HK\$'000
Current tax:		
Hong Kong	998	2,856
People's Republic of China, other than Hong Kong (the "PRC")	<u>256</u>	<u>257</u>
	1,254	3,113
Deferred tax:		
Current Period	<u>3,445</u>	<u>593</u>
	<u><u>4,699</u></u>	<u><u>3,706</u></u>

Hong Kong Profits Tax is calculated at a rate of 17.5% of the estimated assessable profit for both periods. Income tax in the PRC is calculated at the rate of 15.0% of the income of the PRC subsidiaries for the both periods.

6. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit attributable to equity shareholders of HK\$49,440,000 (nine months ended December 31, 2006: HK\$33,294,000) and on 1,123,860,000 (nine months ended December 31, 2006: 1,000,740,000) shares in issue during the period.

Diluted earnings per share for nine months ended December 31, 2007 is calculated based on the profit attributable to equity shareholders of HK\$49,440,000 (nine months ended December 31, 2006: HK\$33,294,000 and on the adjusted weighted average number of 1,168,726,000 (nine months ended December 31, 2006: 1,010,751,000 shares) which is the weighted average number of shares in issue during the period plus the weighted average number of 44,866,000 (nine months ended December 31, 2006: 10,011,000 shares) deemed to be issued at no consideration if all outstanding options had been exercised.

THE THIRD INTERIM DIVIDEND

The Directors do not recommend the payment of a third interim dividend for the nine months ended December 31, 2007 (nine months ended December 31, 2006: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

For the nine months ended December 31, 2007, the turnover of the Group increased by 6.2% to HK\$318.7 million as compared to the same period last year. The increase in turnover was mainly due to an increase in sales of assembled pearl and non-pearl jewelries. Profit attributable to equity shareholders for the period showed an increase from HK\$33.3 million to HK\$49.4 million, representing an increase of 48.5% when compared to the same period last year. The increase in the profit attributable to equity shareholders was mainly attributable to the improvement in the production efficiency, the gain on the disposal of investment property and investment income from effective treasury arrangement.

During the period under review, the Group continued participating actively in various international and local pearl and jewelry shows including Hong Kong Jewelry & Watch Fair, Baselworld and the JCK LasVegas Show, etc. The Group noted a steady growth in demand for pearls and jewelries from international and local buyers. The United States market and European market are continuously growing during the period under review. The successful in selling and marketing our jewelry products in the United States and Europe has made a contribution to the Group. Many of the Group's customers in the United States and Europe are among the largest jewelry industry players in their respective markets. Their continuous placing of orders with the Group would be a driving force in boosting our sales in the future. On the other hand, our key performer on the pearl side continued to be South Sea pearl market. While the pearls accounted for 43.5% of our total turnover, the assembled pearl and non-pearl jewelries accounted for 56.5% of our total turnover. Turnover of assembled pearl and jewelry products had shown an increase in performance indicating that assembled pearl and jewelry products have potential in attracting those customers with a more affordable price range segment. The Group will consistently adopt the sales strategies to expand our customer network and implement an effective cost control on production.

Gross Profit

Gross profit margin had increased from 27.8% to 33.6% when compared with the same period last year. It was mainly due to the improvement in the production efficiency in the light of the enhanced management and cost control measures.

Operating Costs and Expenses

Administrative expenses increased by 52.6% as compared with the same period last year. The increase in such expenses was mainly due to the increase in allowance for doubtful debt and the inclusion of China Pearls and Jewelry City Holdings Limited ("CP&J City") corresponding to the completion of the acquisition of CP&J City on April 12, 2007, the Group had 55% equity interest in the CP&J City, which became a subsidiary of the Company.

Basic earnings per share

Basic earnings per share increased from HK3.33 cents during the nine months ended December 31, 2006 to HK4.40 cents during the nine months ended December 31, 2007.

LIQUIDITY AND FINANCIAL RESOURCES

Liquidity

At December 31, 2007, the Group had a working capital of HK\$405.8 million, which included a cash balance of HK\$556.6 million, compared to the working capital of HK\$381.8 million, which included a cash balance of HK\$296.4 million at March 31, 2007. The increase in working capital was mainly due to the increase in cash balance by cash inflow from operating activities and placing the shares to independent investors.

The Group had available credit facilities of HK\$386.2 million in total with various banks at December 31, 2007. Such banking facilities include bank loan, letter of credit arrangements, import loans, overdrafts and other facilities. All such banking facilities bear interest at floating rates generally offered by banks in Hong Kong and the PRC, which are subject to periodic review. At December 31, 2007, we had utilized HK\$171.2 million of these bank loans. At the balance sheet date, the Group has pledged the carrying amount of leasehold land and buildings amounting to HK\$300.2 million (March 31, 2007: HK\$63.1 million) and the carrying amount of investment properties amounting to HK\$11.2 million (March 31, 2007: HK\$11.2 million) to banks to secure the bank borrowings.

Capital Structure

At December 31, 2007, the Group's total shareholders' funds amounted to HK\$1,013.5 million, compared with HK\$679.0 million at March 31, 2007. The Group's gearing ratio was 0.17 at December 31, 2007 (nil at March 31, 2007). The gearing ratio is computed by dividing total debts over capital and reserves.

For the period ended December 31, 2007, most of the Group's transactions were denominated in either US dollars or Hong Kong dollars. Since the Hong Kong dollar remained "pegged" to the US dollar at a consistent rate, in this respect, the Group was not exposed to any significant foreign exchange risk, and as a result of which, the Group has not adopted any hedging measures.

PROSPECTS

Emerging weaknesses relating to recent developments in the subprime lending market in the United States and the impact of such developments on the United States economy may threaten market conditions in the United States and globally. Despite negative developments in the subprime lending market, we expect to meet expected growth estimates for the year. We are diversified geographically and are well-positioned to react to fluctuating market conditions. We therefore expect to maintain steady growth in our Pearls and Jewelry segment.

Reviewing the performance of the Phase One of the China Pearls & Jewelry City Project ("CP&J City Project"), many of the potential purchasers have signed up contracts for their preferred units. The market feedback has met our expectations. Referencing to market reactions, the Company is taking a positive view on the contributions of the CP&J City Project.

In response to concerns about China's high growth rate in certain economic sectors, the PRC government has recently introduced a number of macroeconomic measures to tighten monetary control and slow economic growth to a more manageable level. These measures are designed to slow the rapid economic growth of the PRC's economy in certain sectors to a more sustainable level by, among other things, curbing such sectors, including the property market. Despite the introduction of these measures, we expect our property development segment to remain one of our core businesses and to continue to contribute to our sustainable growth. Further, we do not believe the introduction of these measures will adversely impact the CP&J City Project as this project involves the integration of numerous business sectors outside of real estate developments, including trading, exhibition, manufacturing and processing, business services and supporting facilities. Construction of the CP&J City Project is progressing as scheduled and the management and staff expect to complete construction of the first phase of

the CP&J City Project by March 2008. Upon the completion of the first phase of the CP&J City Project, the construction of multi-complex building, manufacturing and processing and residential areas have undergone. The construction areas are about 100,000 square meters at current stage. This provides more comprehensive facilities to our target customers of pearls and jewelry market. Under the continuous development, related supporting facilities will also be added to accommodate along with the constant progression of the entire CP&J City project.

The Company is also organizing a grand opening event for the CP&J City Project, expected to launch in April 2008 as part of two major pearl trade events, the “China (International) Pearl Festival (中國 (國際) 珍珠節)” and “Xishi Cultured Festival (西施文化節)”, and aiming to both promote the culture and business of the pearl trade worldwide and to demonstrate the large scale and wide scope of the CP&J City Project.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the nine months ended December 31, 2007, neither the Company nor any of its holding companies or subsidiaries purchased, sold or redeemed any listed securities of the Company.

PUBLICATION OF FURTHER INFORMATION

The Quarterly Report for the nine months ended December 31, 2007 containing all the applicable information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the respective websites of the Company at www.man-sang.com and the Stock Exchange at www.hkex.com.hk in due course.

On behalf of the Board
CHENG CHUNG HING
Chairman

Hong Kong, February 14, 2008

As at the date of this announcement, the Board comprises Mr. Cheng Chung Hing, Mr. Cheng Tai Po, Miss Yan Sau Man, Amy as executive directors; Mr. Lee Kang Bor, Thomas, Mr. Kiu Wai Ming, Kenneth and Mr. Lau Chi Wah, Alex as independent non-executive directors.