



MAN SANG INTERNATIONAL LIMITED
民生國際有限公司
(Stock Code: 938)

MAN SANG ANNOUNCES 2008/09 THIRD QUARTER RESULTS

(Hong Kong, 12 February 2009) – **Man Sang International Limited** (“Man Sang” or the “Group”) today announced its results for the nine months ended 31 December 2008.

Affected by the financial turmoil, the Group recorded revenue of approximately HK\$296.4 million during the period, a 8.2% decrease against the same period last year. Gross profit was approximately HK\$122.0 million, an increase of 9.6% as compared with the last corresponding period. Loss attributable to equity shareholders was HK\$22.5 million (corresponding period last year: profit attributable to equity shareholders of HK\$49.4 million). Basic loss per share was HK1.84 cents (corresponding period last year: basic earnings per share were HK4.40 cents).

The results for the period were mainly attributable to four factors: (a) an impairment loss of approximately HK\$115.1 million incurred on the fair values of investment properties; (b) the HK\$12.3 million increase in selling, general and administrative expenses comprising the increase in allowance for doubtful debts of HK\$3.2 million for the period and spending on advertisement and promotion activities in relation to the launch of sales and leasing businesses by China Pearls and Jewelry Project (the “CP&J Project”); (c) a net unrealized loss on financial assets (listed equity investments in Hong Kong) of HK\$5.8 million; and (d) a net gain on disposal of leasehold property during the period.

Pearl Operations

During the review period, net sales attributable to pearl operations decreased by 16.3% to HK\$266.8 million due to the deterioration of the United States economy and the occurrence of the global financial turmoil. However, the gross profit margin of the segment increased from 33.6% in the last corresponding period to 36.5%, which were primarily due to effective cost control measures, continued enhancement of production efficiency and a shift in sales focus to higher value jewelry products.

Property Operations

The property operations, which included sales of properties in the CP&J Project and rental income from investment properties recorded a total revenue of HK\$29.5 million (corresponding period last year: HK\$4.2 million) during the period. For the nine months ended 31 December 2008, sales of properties in CP&J Project were approximately HK\$11.0 million and gross profit margin maintained at above 50%. Sales of properties in CP&J Project had not commenced during the corresponding period last year.

Furthermore, during the review period the rental income was HK\$18.5 million (corresponding period last year: HK\$4.2 million) and the increase in rental income was primarily attributable to an increase of HK\$13.0 million in rental income from CP&J Project, which were consolidated in the Group's financial statements since March 2008.

Outlook

Looking forward, **Mr. Cheng Chung Hing, Chairman of Man Sang**, said, "With the global financial crisis lingering and the economy being affected adversely, we expect the deterioration of consumption sentiment and the decrease in demand for pearls will continue to affect the Group's business performance in this fiscal year. With that in mind, we have adopted a more conservative financial management policy with the aim of maintaining adequate credit and financing to fund our operations. Meanwhile, to minimise the impact of declining market demand, we will continue to focus on enhancing operational efficiency, implementing tighter cost and credit control and strengthening receivables collection control. "

As for the property segment, the management of the Group is still optimistic about the medium and long-term development of the PRC property market. Towards the year end of 2008, the PRC Government launched various plans to stimulate domestic demand and continuously lowered the interest rates. Real estate sector will be one of the beneficiaries from such stimulus plans.

Mr. Cheng continues, "The Group will closely monitor the development of macroeconomic austerity measures so as to adjust our sales and marketing and development plans for the CP&J Project. Our aim is to preserve strength for making a rebound when the Central Government further adjusts and lifts the austerity measures on the property sector."

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About Man Sang International Limited

Man Sang was listed on the Hong Kong Stock Exchange in 1997, being the first pearl company listed in Hong Kong. The Group has two main business segments. One of the business segments is the Pearl and Jewellery business including the purchase, processing, assembling, merchandising and wholesale distribution of pearls and jewelry products including Chinese cultured pearls, Chinese freshwater pearls, Japanese cultured pearls, Tahitian and South Sea pearls, as well as pearls and jewelry products. The Group operates its own pearl processing facilities in Shenzhen, the PRC.

Another core business is property development and investment. The Group also participates in the development and management of the China Pearls and Jewelry Project ("CP&J Project") in Zhuji of Zhejiang Province, the PRC. Man Sang is the controlling shareholder of the project holding a 55% interest therein. CP&J Project is designed to be the world's largest pearl and jewelry trading platform covering processing, manufacturing, research and development and trading of jewelry products and also to provide related services including logistics, electronic commerce, exhibition and convention, accommodation, catering and entertainment.

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