Man Sang International (B.V.I.) Ltd
Form 424B3
August 04, 2009

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Filed Pursuant to Rule 424(b)(3)
Registration No. 333-160777

Man Sang Holdings, Inc.

Dear Stockholder: August 3, 2009

You are cordially invited to join us at a special meeting of stockholders of Man Sang Holdings, Inc., or Man Sang Nevada, to be held at 10:00 a.m. (Hong Kong time) on August 25, 2009. The meeting will be held at Man Sang Holdings, Inc., located at Suite 2208-14, 22/F, Sun Life Tower, The Gateway, 15 Canton Road, Tsimshatsui, Kowloon, Hong Kong.

We are pleased to present for your approval a proposal for the dissolution and liquidation of Man Sang Nevada pursuant to the terms of an agreement and plan of liquidation entered into with Man Sang International (B.V.I.) Limited, or Man Sang BVI, a wholly owned subsidiary of Man Sang Nevada, on July 24, 2009, that will effectively change our place of incorporation from Nevada to the British Virgin Islands by dissolving and liquidating Man Sang Nevada. At the effective time of the dissolution and liquidation, Man Sang Nevada will distribute, on a share-for-share basis, 6,382,582 ordinary shares and 100,000 preferred shares of Man Sang BVI to its existing stockholders.

The dissolution and liquidation of Man Sang Nevada will result in the elimination of Man Sang Nevada as the holding company of our group, the number of Man Sang BVI ordinary shares and preferred shares that you will own will be the same as the number of shares of Man Sang Nevada common stock and preferred stock you own immediately prior to the completion of the liquidation, and your relative economic ownership and voting rights in our company will remain unchanged.

The accompanying proxy statement/prospectus contains detailed information about the dissolution and liquidation of Man Sang Nevada and the special meeting. This document is also a prospectus for the Man Sang BVI ordinary and preferred shares that will be delivered in connection with the liquidation. **We encourage you to read this proxy statement/prospectus carefully before voting, including the section entitled Risk Factors beginning on page 14.**

The board of directors of Man Sang Nevada, after careful consideration, has unanimously approved the dissolution and liquidation of Man Sang Nevada and the agreement and plan of liquidation and related matters and recommends that you vote FOR the dissolution and liquidation of Man Sang Nevada and the adoption of the agreement and plan of liquidation. A copy of the agreement and plan of liquidation is attached to this proxy statement/prospectus as Annex A.

Under Nevada law, at a meeting of stockholders at which a quorum is present, in person or by proxy, the affirmative vote of holders representing a majority of voting power of the outstanding shares of common stock and Series A preferred stock entitled to vote is required to approve the dissolution and liquidation of Man Sang Nevada and the adoption of the agreement and plan of liquidation. On August 3, 2009, Cheng Chung Hing, Ricky, Cheng Tai Po and entities affiliated with them, which are our principal stockholders, owned approximately 3,437,501 outstanding shares of Man Sang Nevada common stock and 100,000 outstanding shares of Man Sang Nevada preferred stock, which together represent the votes of 6,628,726 shares of Man Sang Nevada common stock, or 69.2% of the total voting power of Man Sang Nevada common stock and Series A preferred stock. The principal stockholders have agreed to vote their shares in favor of the dissolution and liquidation of Man Sang Nevada and the adoption of the agreement and plan of liquidation. The principal stockholders own sufficient numbers of shares of our common stock and preferred stock to approve the dissolution and liquidation of Man Sang Nevada and the adoption of the agreement and plan of liquidation.

Man Sang Nevada common stock is currently traded on the NYSE Amex under the symbol MHJ. There is currently no public market for the Man Sang BVI ordinary shares. We intend to apply to list Man Sang BVI ordinary shares on the NYSE Amex under the same symbol, effective upon the dissolution and liquidation of Man Sang Nevada. The preferred shares of Man Sang BVI will remain unlisted.

Holders of Man Sang Nevada common stock will not be entitled to dissenters or appraisal rights under Nevada law in connection with the dissolution and liquidation of Man Sang Nevada.

Please vote your proxy by completing, signing and dating the enclosed proxy card and returning it promptly, whether or not you expect to attend the special meeting. You may revoke your proxy and vote in person if you decide to attend the meeting.

By order of the board of directors,

Sincerely,

/s/
Cheng Chung Hing, Ricky
Cheng Chung Hing, Ricky
Chairman

Man Sang Holdings, Inc.

Neither the Securities and Exchange Commission nor any non-U.S. or state securities commission has approved or disapproved of the securities to be issued under this proxy statement/prospectus or has passed upon the adequacy or accuracy of the disclosure in this proxy statement/prospectus. Any representation to the contrary is a criminal offense.

This proxy statement/prospectus is dated August 3, 2009 and is first being mailed to Man Sang Nevada stockholders on or about August 4, 2009.

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Man Sang Holdings, Inc.
Suite 2208-14, 22/F, Sun Life Tower, The Gateway
15 Canton Road, Tsimshatsui, Kowloon, Hong Kong

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
To Be Held On August 25, 2009

To the Stockholders of Man Sang Holdings, Inc.:

Notice is hereby given that a special meeting of the stockholders of Man Sang Holdings, Inc., a Nevada corporation (Man Sang Nevada), will be held at 10:00 a.m. (Hong Kong time) on August 25, 2009 at Man Sang Holdings, Inc., Suite 2208-14, 22/F, Sun Life Tower, The Gateway, 15 Canton Road, Tsimshatsui, Kowloon, Hong Kong for the following purposes:

1. To approve the dissolution and liquidation of Man Sang Nevada and the adoption of the agreement and plan of liquidation, a conformed copy of which is attached to and described in the accompanying proxy statement/prospectus as Annex A, among Man Sang Nevada and Man Sang International (B.V.I.) Limited, an international business company incorporated under the International Business Companies Act of the British Virgin Islands and automatically re-registered under the BVI Business Companies Act, 2004 (Man Sang BVI), whereby Man Sang Nevada will effectively change its place of incorporation from Nevada to the British Virgin Islands by dissolving Man Sang Nevada and distributing to all of its stockholders, pro rata, all of Man Sang Nevada s property and assets, which consist entirely of Man Sang BVI ordinary shares and preferred shares, on a share-for-share basis, following which (1) Man Sang BVI and its subsidiaries will continue to conduct the business conducted by Man Sang Nevada and its subsidiaries, (2) Man Sang BVI ordinary shares will replace Man Sang Nevada common stock on the NYSE Amex stock exchange (NYSE Amex, formerly known as The American Stock Exchange), (3) all current officers and directors of Man Sang Nevada will maintain equivalent positions in Man Sang BVI and (4) Man Sang BVI will contractually assume all rights, title, obligations and liabilities of Man Sang Nevada. Although the dissolution and liquidation of Man Sang Nevada will result in the elimination of Man Sang Nevada as the holding company of our group, the number of Man Sang BVI ordinary shares and preferred shares you will own will be the same as the number of shares of Man Sang Nevada common stock and preferred stock you own immediately prior to the completion of the liquidation, and your relative economic ownership and voting rights will remain unchanged.

2. To transact such other business as may properly come before the special meeting or any adjournment or postponement thereof.

The terms of the proposed dissolution and liquidation of Man Sang Nevada and the related agreement and plan of liquidation are more fully described in the accompanying proxy statement/prospectus. We encourage you to read this entire document carefully.

The board of directors of Man Sang Nevada, on behalf of Man Sang Nevada, is soliciting proxies from the Man Sang Nevada stockholders. The board of directors of Man Sang Nevada has fixed the close of business on July 27, 2009 as the record date for determination of stockholders entitled to notice of, and to vote at, the special meeting and any adjournments or postponements thereof.

To ensure that your shares of common and preferred stock are represented at the meeting, you should vote your proxy by completing, signing and dating the enclosed proxy card and returning it promptly in the enclosed envelope, whether or not you expect to attend the special meeting. You may revoke your proxy and vote in person if you decide to attend the meeting.

By Order of the Board of Directors,

/s/
Cheng Chung Hing, Ricky
Cheng Chung Hing, Ricky
Chairman

Kowloon, Hong Kong August 3, 2009

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ADDITIONAL INFORMATION

Man Sang Nevada files annual, quarterly and other reports and other information with the Securities and Exchange Commission, or SEC. You can obtain this information by accessing the SEC s website at http://www.sec.gov. For a listing of the documents available from the SEC and for information as to how to otherwise obtain this information from the SEC, see the section entitled Where You Can Find More Information beginning on page 136.

Man Sang Nevada will provide you with copies of the information relating to Man Sang Nevada or Man Sang BVI, without charge, upon written or oral request to Martin Pak, Chief Financial Officer, Man Sang Holdings, Inc, Suite 2208-14, 22/F, Sun Life Tower, The Gateway, 15 Canton Road, Kowloon, Hong Kong or at +852 2317 9888 (e-mail: martinpak@man-sang.com). **In order to receive timely delivery of the documents in advance of the Man Sang Nevada special meeting, we should receive your request on August 17, 2009.**

Man Sang BVI has filed with the SEC a registration statement on Form F-4 (which, together with all amendments and exhibits, we refer to as the Registration Statement) under the Securities Act of 1933, as amended, or the Securities Act. This proxy statement/prospectus, which constitutes a part of the Registration Statement, does not contain all of the information set forth in the Registration Statement, certain parts of which are omitted as permitted by the rules and regulations of the SEC. For further information, reference is hereby made to the Registration Statement.

This proxy statement/prospectus does not constitute an offer to sell or a solicitation of an offer to buy securities other than those specifically offered hereby or of any securities offered hereby in any jurisdiction where, or to any person to whom, it is unlawful to make such offer or solicitation.

ENFORCEABILITY OF CIVIL LIABILITIES

Man Sang BVI is incorporated in the British Virgin Islands to take advantage of certain benefits associated with being a British Virgin Islands company, such as political and economic stability, an effective judicial system, a favorable tax system, the absence of exchange control or currency restrictions and the availability of professional and support services. However, certain disadvantages accompany incorporation in the British Virgin Islands. These disadvantages include that the British Virgin Islands has a less developed body of securities laws as compared to the United States and provides significantly less protection to investors and British Virgin Islands companies do not have standing to sue before the federal courts of the United States. Our constituent documents do not contain provisions requiring that disputes be submitted to arbitration, including those arising under the securities laws of the United States, between Man Sang BVI, its officers, directors and shareholders.

Substantially all of our operations are conducted in Hong Kong and the PRC. Most of our directors and officers and the experts named herein reside outside the United States (principally in Hong Kong and the PRC). All or a substantial portion of our assets and of such persons assets are or may be located outside the United States. As a result, it may not be possible for shareholders of Man Sang BVI to effect service of process within the United States upon us or such persons, or to enforce against us or such persons judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the federal securities laws of the United States or any state of the United States.

We have been informed by Conyers Dill & Pearman, our British Virgin Islands legal counsel, that the United States and the British Virgin Islands do not have a treaty providing for reciprocal recognition and enforcement of judgments of U.S. courts in civil and commercial matters and that a final judgment for the payment of money rendered by any general or state court in the United States based on civil liability, whether or not predicated solely upon the

U.S. federal securities laws, would not be automatically enforceable in the British Virgin Islands. We have also been advised by Conyers Dill & Pearman that a final and conclusive judgment obtained in U.S. federal or state courts under which a sum of money is payable as compensatory damages (i.e., not being a sum claimed by a revenue authority for taxes or other charges of a similar nature by a governmental authority, or in respect of a fine or penalty or multiple or punitive damages) may be the subject of an action on a debt in the Supreme Court of the British Virgin

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Islands under the common law doctrine of obligation. This type of action should be successful upon proof that the sum of money is due and payable, without having to prove the facts supporting the underlying judgment, as long as:

the court that gave the judgment was competent to hear the action in accordance with private international law principles as applied by the courts in the British Virgin Islands; and

the judgment was not contrary to public policy in the British Virgin Islands, was not obtained by fraud or in proceedings contrary to the natural justice of the British Virgin Islands, and was not based on an error in British Virgin Islands law.

A British Virgin Islands court may impose civil liability on us or our directors or officers in a suit brought in the Supreme Court of the British Virgin Islands against us or these persons with respect to a violation of U.S. federal securities laws, provided that the facts surrounding any violation constitute or give rise to a cause of action under British Virgin Islands law.

ABOUT THIS DOCUMENT

This document, which forms part of a registration statement on Form F-4 filed with the SEC, by Man Sang International (B.V.I.) Limited (File No. 333-160777), constitutes a proxy statement/prospectus of Man Sang International (B.V.I.) Limited under Section 5 of the Securities Act with respect to the Man Sang BVI ordinary shares and preferred shares to be distributed to Man Sang Nevada stockholders pursuant to the dissolution and liquidation. This document also constitutes a proxy statement under Section 14(a) of the U.S. Securities Exchange Act of 1934, as amended, or the Exchange Act.

CURRENCIES

In this proxy statement/prospectus, unless otherwise specified or the context otherwise requires, all references to U.S. dollars, dollars or US$ are to the legal currency of the United States and all references to H.K. dollars or HK to the legal currency of Hong Kong.

This proxy statement/prospectus contains translations of H.K. dollar amounts into U.S. dollars at specified rates solely for the convenience of the reader. Unless otherwise noted, all translations from H.K. dollars to U.S. dollars were made at the rate of HK$7.80 to US$1.00. On July 24, 2009, the noon buying rate in The City of New York for cable transfers in H.K. dollars per U.S. dollar as certified for customs purposes by the Federal Reserve Bank of New York, or the noon buying rate, was HK$7.75 to US$1.00. We make no representation that the H.K. dollar or U.S. dollar amounts referred to in this proxy statement/prospectus could have been or could be converted into U.S. dollars or H.K. dollars, as the case may be, at any particular rate or at all.

CONVENTIONS

Unless stated otherwise, all references in this proxy statement/prospectus to:

Assets are to all of Man Sang Nevada s property and assets, which consists of Man Sang BVI ordinary shares and Man Sang BVI preferred shares;

the Internal Revenue Code are to the U.S. Internal Revenue Code of 1986, as amended;

Man Sang BVI are to Man Sang International (B.V.I.) Limited, a company incorporated in the British Virgin Islands;

Man Sang Nevada are to Man Sang Holdings, Inc., a Nevada corporation;

the PRC are to the People s Republic of China; and

the principal stockholders are to Cheng Chung Hing, Ricky, Cheng Tai Po and entities affiliated with them, which, as of the record date, owned approximately 3,437,501 outstanding shares of Man Sang Nevada common stock and 100,000 outstanding shares of Man Sang Nevada Series A preferred stock, which together represent the votes of 6,628,726 shares of Man Sang Nevada common stock, or 69.2% of the total voting power of Man Sang Nevada common stock and Series A preferred stock.

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Except where indicated otherwise, we refer to Man Sang Nevada and Man Sang BVI, which will be Man Sang Nevada s successor following the liquidation, as our company, we, us or our, as the context requires.

Man Sang BVI was Man Sang Nevada s wholly owned subsidiary during each of the years or periods presented in this proxy statement/prospectus. Man Sang BVI is a holding company with no operations or assets, other than its equity interests in our subsidiaries. Therefore, we have not included consolidated historical financial and operating data for Man Sang BVI because this data is the same as that of Man Sang Nevada.

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QUESTIONS AND ANSWERS ABOUT THE LIQUIDATION

The following questions and answers are intended to address briefly questions regarding the dissolution and liquidation. We urge you to read carefully the remainder of this proxy statement/prospectus because the information in this section does not provide all the information that might be important to you. Additional important information also is contained in the annexes to this proxy statement/prospectus.

Q: Why am I receiving this proxy statement/prospectus?

A: Pursuant to applicable Nevada law and relevant securities regulations, we are providing you with this proxy statement/prospectus to inform you of the dissolution and liquidation of Man Sang Nevada, a Nevada corporation, listed on the NYSE Amex, and to request your approval of the dissolution and liquidation of Man Sang Nevada and the adoption of the agreement and plan of liquidation.

Q: What am I being asked to vote on?

A: You are being asked to approve the dissolution and liquidation of Man Sang Nevada and the adoption of the agreement and plan of liquidation. The dissolution and the liquidation of Man Sang Nevada will effectively change our place of incorporation from Nevada to the British Virgin Islands.

Q: Who is entitled to vote on the dissolution and liquidation?

A: All stockholders of record at the close of business on July 27, 2009, as shown in our records, will be entitled to vote, or to grant proxies to vote, at the special meeting. At the close of business on the Man Sang Nevada record date, there were 6,382,582 shares of Man Sang Nevada common stock outstanding and 100,000 shares of preferred stock outstanding (which, as a class, are entitled to the votes of 3,191,225 shares of common stock) entitled to vote at the special meeting, held by approximately stockholders of record.

Q: When and where will the vote on the dissolution and liquidation take place?

A: A special meeting of stockholders will be held at 10 a.m., local time, on August 25, 2009, at the offices of Man Sang Holdings, Inc., Suite 2208-14, 22/F., Sun Life Tower, The Gateway, 15 Canton Road, Tsimshatsui, Kowloon, Hong Kong.

Q: What is required to constitute a quorum?

A: The presence at the special meeting, in person or by proxy, of the holders representing a majority of the outstanding shares of the common stock and Series A preferred stock entitled to vote at the special meeting is required to constitute a quorum.

Q: If the dissolution and liquidation is completed, what will I receive?

A: At the effective time of the liquidation, Man Sang Nevada will distribute the Assets to its stockholders on a share-for-share basis. The number and class of Man Sang BVI ordinary and preferred shares you will own as a result of the completion of the liquidation will be the same as the number and class of shares of Man Sang Nevada common and preferred stock you owned immediately prior to the completion of the liquidation. Shareholders   proportionate ownership and relative voting rights will remain unchanged.

In the liquidation, holders of shares of Man Sang Nevada common stock will receive Man Sang BVI ordinary shares and holders of shares of Man Sang Nevada preferred stock will receive Man Sang BVI preferred shares, on a share-for-share basis in cancellation of the Man Sang Nevada common stock and preferred stock. The liquidation preference of the Man Sang BVI preferred shares will be equivalent to the liquidation preference of the Man Sang Nevada preferred stock. For a more complete description of what Man Sang Nevada stockholders will be entitled to receive pursuant to the liquidation, see The Liquidation The Agreement and Plan of Liquidation.

Q: Will the Man Sang BVI ordinary shares be listed and publicly traded on the NYSE Amex?

A: Yes. Upon the effective time of the liquidation, we expect the Man Sang BVI ordinary shares to be listed and publicly traded on the NYSE Amex under the trading symbol MHJ. Man Sang Nevada s common stock will be cancelled and de-listed from the NYSE Amex and will no longer be publicly traded. However, upon the effective time of the liquidation, the Man Sang BVI preferred shares will remain unlisted.

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Q: What vote is required to approve the dissolution and liquidation of Man Sang Nevada and the adoption of the agreement and plan of liquidation, and are there any stockholders already committed to voting in favor of the liquidation?

A: The dissolution and liquidation requires at a meeting of stockholders at which a quorum is present, in person or by proxy, the affirmative vote of holders representing a majority of the outstanding shares of common stock and Series A preferred stock entitled to vote. On the record date, the principal stockholders owned approximately 3,437,501 outstanding shares of Man Sang Nevada common stock and 100,000 outstanding shares of Man Sang Nevada preferred stock, which together represent the votes of 6,628,726 shares of Man Sang Nevada common stock, or 69.2% of the total voting power of Man Sang Nevada common stock and Series A preferred stock. The principal stockholders have agreed to vote their shares to approve the dissolution and liquidation of Man Sang Nevada and the adoption of the agreement and plan of liquidation. The principal stockholders own sufficient number of shares of Man Sang Nevada s common stock and preferred stock to approve the dissolution and liquidation of Man Sang Nevada and the adoption of the agreement and plan of liquidation. See The Special Meeting Vote Required.

Q: How do I vote if my shares are registered in my name?

A: By completing, signing and returning your proxy card in the enclosed postage-prepaid envelope, you will authorize the persons named on the proxy card to vote your shares according to your instructions.

Q: How do I vote if my broker holds my shares in street name ?

A: If you hold your shares in street name through a stockbroker, bank or other nominee rather than directly in your own name, you are considered the beneficial owner of shares, and the proxy materials are being forwarded to you by your stockbroker, bank or other nominee together with a voting instruction card. Please carefully consider the information contained in this proxy statement/prospectus and, whether or not you plan to attend the special meeting. Please follow the instructions provided to you by your stockbroker, bank or other nominee so that your shares may be voted in accordance with your wishes. To vote at the special meeting, beneficial owners will need to contact the broker, bank, or other nominee that holds their shares to obtain a proxy issued in your name to bring to the meeting.

Q: What if I don t vote or abstain?

A: Shares for which no votes are cast will effectively be treated as shares present for quorum purposes, but not entitled to vote, so they will have no effect on the outcome of the vote for the dissolution and liquidation of Man Sang Nevada and the agreement and plan of liquidation. Abstentions will be treated as shares present for quorum purposes and entitled to vote, so they will have the same effect as votes against the dissolution and liquidation of Man Sang Nevada and the agreement and plan of liquidation.

Q: Can I change my vote after I have delivered my proxy?

A: Yes. You may revoke your proxy at any time before its exercise. Proxies may be revoked by (1) sending a written notice of revocation dated later than the proxy to the Secretary of Man Sang Nevada at Man Sang Nevada s principal executive offices, before the special meeting, (2) duly executing a subsequent proxy relating to the same shares and delivering it to American Stock Transfer & Trust Company before the special meeting, or (3) attending the special meeting and voting in person (although attendance at the special meeting will not in and of itself constitute revocation of a proxy). Any written notice revoking a proxy should be delivered to American

Stock Transfer & Trust Company before the special meeting. If you are a beneficial stockholder, you must contact your broker, bank or other nominee to change your vote or obtain a proxy to vote your shares if you wish to cast your vote in person at the meeting.

Q: When do you expect the liquidation to be completed?

A: We are working to complete the dissolution and liquidation as quickly as practicable. We currently expect the liquidation to be completed by July 31, 2009. However, we cannot predict the exact effective time of the liquidation because it is subject to certain conditions both within and outside our control. See The Liquidation The Agreement and Plan of Liquidation Conditions to Complete the Liquidation beginning on page 39.

Q: Are Man Sang Nevada stockholders entitled to dissenters rights?

A: No. Under Nevada law, Man Sang Nevada stockholders are not entitled to dissenters rights because (a) the Nevada Revised Statutes do not provide for dissenters rights for this corporate action; and (b) neither Man Sang Nevada s restated articles of incorporation, as amended, the restated bylaws, nor a resolution of its board of directors grant shareholders dissenters rights.

Q: Are Man Sang Nevada stockholders entitled to appraisal rights?

A: No. Under Nevada law, there are no appraisal rights unless there are dissenters rights.

Q: Do I have to change my stock certificates?

A: Yes. The distribution agent will send you a letter of transmittal, which will instruct you how to surrender your certificates of common stock and preferred stock of Man Sang Nevada. Upon surrender of the certificate with a duly executed letter of transmittal, you will be entitled to receive in exchange the whole number of Man Sang BVI ordinary shares or preferred shares that you have the right to receive pursuant to the agreement and plan of liquidation. If you surrender a Man Sang Nevada stock certificate and request the new Man Sang BVI ordinary shares or preferred shares in dematerialized form to be issued in a name other than the one appearing on the surrendered certificate, you must endorse the stock certificate or otherwise prepare it to be in proper form for transfer. Man Sang Nevada certificates that are surrendered will be cancelled. No interest will be paid or accrued on any amount payable upon surrender of stock certificates. No holder of unsurrendered certificates will receive any dividends or other distributions with respect to Man Sang BVI ordinary shares or preferred shares to which the holder is entitled under the agreement and plan of liquidation until the Man Sang Nevada certificate registered to the holder is surrendered to the distribution agent. For further information, see The Liquidation The Agreement and Plan of Liquidation Share Conversion on page 41.

YOU SHOULD NOT SEND YOUR MAN SANG NEVADA STOCK CERTIFICATES TO THE DISTRIBUTION AGENT UNTIL YOU HAVE RECEIVED TRANSMITTAL MATERIALS FROM THE DISTRIBUTION AGENT.

Q: Will I be able to trade my shares during the time it takes to complete the liquidation?

A: Yes.

Q: Who will bear the cost for soliciting votes for the special meeting?

A: Man Sang Nevada will bear all expenses in conjunction with the solicitation of the enclosed proxy, including the charges of brokerage houses and other custodians, nominees or fiduciaries for forwarding documents to security owners. In addition, proxies may be solicited by mail, in person, or by telephone or fax by certain officers, directors and employees of Man Sang Nevada.

Q: Where can I find more information about Man Sang Nevada?

A: You can find more information about Man Sang Nevada in the section entitled Where You Can Find More Information on page 136 of this proxy statement/prospectus.

Q: Will the proposal affect current or future operations?

A: The dissolution and liquidation of Man Sang Nevada will have no immediate major impact on how we conduct day-to-day operations. The location of future operations will depend on the needs of our business, independent of our place of incorporation.

Q: Who can answer my questions?

A: If you have any questions about the liquidation, or if you need additional copies of this proxy statement/prospectus, please contact:

Martin Pak
Man Sang Holdings, Inc.,
Suite 2208-14, 22/F., Sun Life Tower, The Gateway,
15 Canton Road, Tsimshatsui, Kowloon, Hong Kong
(852) 2317 9888
martinpak@man-sang.com

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SUMMARY

This summary, together with the section titled Questions and Answers About the Liquidation immediately preceding this summary, provides a summary of the material terms of the liquidation. These sections highlight selected information contained in this proxy statement/prospectus and may not include all the information that is important to you. To better understand the proposed liquidation, and the risks associated with the transactions, and for a more complete description of the legal terms of the liquidation, you should read this entire proxy statement/prospectus carefully, as well as those additional documents to which we refer you. We have included page references at various points in this summary to direct you to a more detailed description of the topics presented. In addition, see Where You Can Find More Information beginning on page 136.

This document constitutes a proxy statement/prospectus for use in providing information about the proposed dissolution and liquidation of Man Sang Nevada and the distribution of Man Sang BVI ordinary shares and preferred shares in connection with the liquidation.

Parties to the Agreement and Plan of Liquidation

Man Sang International (B.V.I.) Limited. Man Sang BVI was incorporated as an international business company under the International Business Companies Act of the British Virgin Islands, or BVI International Business Companies Act, on August 14, 1995, and automatically re-registered as a business company on January 1, 2007 pursuant to the British Virgin Islands Business Companies Act 2004, or the BVI Companies Act. Immediately prior to the completion of the dissolution and liquidation, Man Sang BVI elected to disapply Part IV of the BVI Companies Act (which applies to former international business companies which have been automatically re-registered as a business company) and is now governed by the BVI Companies Act. As a result of the liquidation, Man Sang BVI will become the holding company of our group.

Man Sang Holdings, Inc. Man Sang Nevada is organized under the laws of the State of Nevada and is principally engaged through subsidiaries in the purchasing, processing, assembling, merchandising and wholesale distribution of pearls, pearl jewelry products and jewelry products. In addition, Man Sang Nevada, through its subsidiaries, owns and operates commercial real estate for lease and sale in Hong Kong and the PRC.

Man Sang Nevada common stock is quoted on the NYSE Amex under the symbol MHJ.

The principal executive office of all parties to the liquidation is located at Suite 2208-14, 22/F., Sun Life Tower, The Gateway, 15 Canton Road, Tsimshatsui, Kowloon, Hong Kong, telephone: (852) 2317 9888

Structure of the Liquidation (see page 34)

The board of directors of Man Sang Nevada has unanimously approved and recommends that you approve the dissolution and liquidation of Man Sang Nevada and the adoption of the agreement and plan of liquidation, which will effectively change our place of incorporation from Nevada to the British Virgin Islands by dissolving and liquidating Man Sang Nevada. The terms and conditions of the dissolution and liquidation are set forth in the agreement and plan of liquidation attached as Annex A to this proxy statement/prospectus.

In the dissolution and liquidation, following payment of its obligations and liabilities, Man Sang Nevada will distribute the Assets to its stockholders on a share-for-share basis. Man Sang Nevada is a holding company without any operations. As of the date of this proxy statement/prospectus, its assets consist of its shareholdings in Man Sang

BVI and its liabilities and obligations consist of (1) the costs incurred in connection with the dissolution and liquidation, which we estimate will be approximately US$800,000, and (2) U.S. federal income tax arising from the deemed disposal of its shareholdings in Man Sang BVI.

After the liquidation, Man Sang BVI will remain the holding company of our subsidiaries, and Man Sang Nevada stockholders will become Man Sang BVI shareholders.

After completion of the liquidation, Man Sang BVI and its subsidiaries will continue to conduct the same businesses that Man Sang Nevada and its subsidiaries now conduct.

The liquidation will involve the following steps:

1. Man Sang Nevada, as sole stockholder of Man Sang BVI, will approve an amended and restated memorandum and articles of association of Man Sang BVI, which may differ in certain material respects from

the current restated articles of incorporation, as amended, and the restated bylaws of Man Sang Nevada, because of differences in the corporate laws of Nevada and the British Virgin Islands.

2. The existing directors of Man Sang BVI, who currently also serve as directors of Man Sang Nevada, will appoint the officers of Man Sang Nevada to serve in equivalent positions with Man Sang BVI.

3. Man Sang BVI ordinary shares and preferred shares will be registered under the Securities Act and Man Sang BVI ordinary shares will register under the Exchange Act, in each case with the SEC.

4. The officers of Man Sang Nevada will file a Certificate of Dissolution with the Secretary of State of the State of Nevada, and Man Sang Nevada will be dissolved pursuant thereto.

5. Upon the filing of the Certificate of Dissolution, Man Sang Nevada common stock will be de-listed from the NYSE Amex and de-registered under the Exchange Act with the SEC and Man Sang BVI ordinary shares will be listed on the NYSE Amex under the symbol MHJ. The preferred shares of Man Sang BVI will remain unlisted.

6. In accordance with the Nevada Revised Statutes, the directors of Man Sang Nevada are required to collect the assets, settle the affairs and collect the outstanding debts of Man Sang Nevada, and to pay, or make adequate provision for payment of, Man Sang Nevada s liabilities and obligations. As of the date of this proxy statement/prospectus, (1) Man Sang Nevada s assets consist entirely of its shareholdings in Man Sang BVI; (2) Man Sang Nevada has no outstanding debts; (3) Man Sang Nevada s liabilities and obligations include (a) the costs incurred in connection with the dissolution and liquidation, which we estimate will be approximately US$800,000, and (b) provision for U.S. federal income tax arising from the deemed disposal of its shareholdings in Man Sang BVI. The settlement of affairs of Man Sang Nevada, which will be conducted by the directors of Man Sang Nevada, includes the actions discussed above as well as the distribution of Man Sang Nevada s assets to its stockholders in order to complete the dissolution and liquidation in accordance with the Nevada Revised Statutes.

7. Man Sang Nevada will then distribute its property and assets, which consist entirely of Man Sang BVI ordinary shares and preferred shares, to its stockholders on a share-for-share basis, rendering its stockholders the direct shareholders of Man Sang BVI.

8. During the final stage of the liquidation, Man Sang BVI will contractually assume all of Man Sang Nevada s rights, obligations and liabilities.

Background and Reasons for the Liquidation

We believe that the dissolution and liquidation of Man Sang Nevada will allow us to realize a variety of potential business, financial and strategic benefits. In particular, the board of directors of Man Sang Nevada is recommending the dissolution and liquidation of Man Sang Nevada because it should permit us to:

- simplify our corporate structure. Man Sang Nevada has no meaningful business or assets other than its equity interest in Man Sang BVI, which is also a holding company. The board of directors of Man Sang Nevada believes that the elimination of the two-tiered holding company structure will reduce administrative expenses by eliminating duplicative costs associated with maintaining both Man Sang Nevada and Man Sang BVI;

- reduce our SEC reporting requirements and related expenses because Man Sang BVI would be a foreign private issuer;

enhance our cash flow by reducing our worldwide effective tax rate. Any improvement in our cash flow should help us to implement our business strategy more effectively;

facilitate tax savings through a more flexible corporate structure. However, the amount of taxes we will pay will depend in part on our treatment by the taxing authorities in the jurisdictions in which we operate;

enhance our business growth prospects by attracting investment from non-U.S. investors. Based on our experience, certain PRC investors and potential strategic partners are less willing to invest in Man Sang Nevada primarily as a result of our status as a United States incorporated company and the attendant tax

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implications associated with such an investment, including primarily withholding taxes payable by such investors under the United States federal tax regime; and

better position ourselves for merger and acquisition opportunities with non-U.S. strategic partners.

Negative Effects of the Liquidation

There are a number of negative effects of the dissolution and liquidation. Examples of such negative effects include:

Taxable Nature of the Transaction

We expect that the dissolution and liquidation of Man Sang Nevada will have the following negative tax consequences:

For U.S. federal income tax purposes, as a result of the liquidation, U.S. shareholders will recognize gain or loss equal to the difference, if any, between the fair market value of the Man Sang BVI shares received in the liquidation and the holder s adjusted tax basis in the holder s shares of Man Sang Nevada exchanged therefor.

Man Sang Nevada will recognize gain for U.S. federal income tax purposes on the distribution of the shares of Man Sang BVI to its shareholders as if the shares had been sold to the distributee at fair market value.

Expenses of the Transaction

Costs incurred in connection with the dissolution and liquidation of Man Sang Nevada are estimated to be approximately US$800,000 and will be expensed as incurred.

Reduced Reporting Requirements

As a foreign private issuer, Man Sang BVI s reporting requirements will be limited to filing or furnishing with the SEC (1) an annual report on Form 20-F within six months after the end of each fiscal year prior to its fiscal year ending March 31, 2012, and within four months after the end of each fiscal year thereafter and (2) reports on Form 6-K with respect to any material information which is required to be publicly disclosed in the British Virgin Islands or regarding information distributed or required to be distributed by Man Sang BVI to its shareholders. In addition, Man Sang BVI will also furnish reports to the SEC on Form 6-K with respect to the interim reports filed by Man Sang International Limited for the first six months of Man Sang International Limited s financial year, not later than three months after the end of this six-month period, as required by the listing rules of the Stock Exchange of Hong Kong Limited. For further information on the reduced requirements of Man Sang BVI, see Comparison of Rights of Man Sang Nevada Stockholders and Man Sang BVI Shareholders Reporting Requirements.

Certain Differences between Nevada and British Virgin Islands Corporate Law

Significant differences between the provisions of the BVI Companies Act applicable to Man Sang BVI and the Nevada Revised Statutes applicable to Man Sang Nevada include limitations under British Virgin Islands law on the ability to bring shareholders suits, including class action and shareholder derivative actions, and reduced protections under British Virgin Islands law of the interests of minority shareholders.

For further information on the differences between Nevada and British Virgin Islands corporate law, see Comparison of Rights of Man Sang Nevada Stockholders and Man Sang BVI Shareholders Reporting Requirements and for further information on the risks relating to ownership of Man Sang BVI Shares, see, Risk Factors Risks Relating to

Ownership of Man Sang BVI Ordinary Shares Man Sang BVI is a British Virgin Islands company and, because legal precedent regarding the rights of shareholders is more limited under British Virgin Islands law than under United States law, following the liquidation our shareholders may have less protection for their shareholder rights than they currently do under Nevada law.

Conditions to Complete the Liquidation

The liquidation will not be completed unless, among other things, the following conditions are satisfied or, if allowed by law, waived:

Shareholder Approvals Obtained. Approval by the shareholders of Man Sang Nevada stockholders and Man Sang BVI shareholders has been obtained;

Registration Statement Declared Effective. This proxy statement/prospectus has been declared effective by the SEC under the Securities Act and the Exchange Act and is not the subject of any stop order or proceedings or similar actions threatened or initiated by the SEC and not concluded or withdrawn;

NYSE Amex Approval. The NYSE Amex has confirmed that Man Sang BVI ordinary shares to be distributed pursuant to the liquidation in connection with the transactions contemplated thereto have been approved for listing on the NYSE Amex, subject to official notice of issuance and other customary conditions, and may trade on the NYSE Amex and succeed to the ticker symbol MHJ ;

Hart-Scott-Rodino Act. Any applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder relating to the Liquidation have expired or been terminated.

Receipt of Tax Opinion. Man Sang Nevada and Man Sang BVI have received an opinion from PricewaterhouseCoopers Limited to the effect that the liquidation constitutes a complete liquidation for federal income tax purposes within the meaning of Section 331 of the Internal Revenue Code;

Covenants and Other Agreements. Man Sang Nevada and Man Sang BVI each have performed in all material respects their respective covenants and agreements contained in the agreement and plan of liquidation required to be performed at or prior to the effective time of the liquidation;

Governmental, Regulatory and Other Material Third-Party Consents. All filings required to be made with, and all material consents, approvals, permits and authorizations required to be obtained prior to the effective time of the liquidation from, any court or governmental or regulatory authority, or other person, have been made or obtained and are in force; and

No Injunctions or Restraints. No temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the liquidation have been entered or enforced or continue to be in effect.

For additional factors, see The Liquidation The Agreement and Plan of Liquidation Conditions to Complete the Liquidation on page 39.

Effective Time

The effective time of the liquidation, which we refer to in this proxy statement/prospectus as the effective time, will occur when Man Sang Nevada distributes the Assets to the stockholders of Man Sang Nevada or at such other time and date as Man Sang Nevada and Man Sang BVI shall agree.

Termination of the Agreement and Plan of Liquidation

The agreement and plan of liquidation may be terminated and the liquidation abandoned at any time prior to the filing of a Certificate of Dissolution with the Secretary of State of the State of Nevada by Man Sang Nevada, whether before or after the approval of stockholders, by action of the board of directors of Man Sang Nevada or Man Sang BVI, as follows: (1) by Man Sang Nevada or Man Sang BVI if the transaction has not been consummated by December 31, 2009 or (2) by either Man Sang Nevada or Man Sang BVI if any material change in (i)(a) the price of Man Sang Nevada s common stock on the NYSE Amex; (b) the value of Man Sang BVI s ordinary shares; or (c) the price of Man Sang International Limited s ordinary shares on the Stock Exchange of Hong Kong Limited or (ii) any new or amended regulation, order, decree, judgment, interpretation or ruling issued by a governmental entity would render the transaction unadvisable or otherwise impracticable in the judgment of the directors of Man Sang Nevada or Man Sang BVI.

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In the event of termination of the agreement and plan of liquidation, the agreement and plan of liquidation will become void and have no effect, without any liability or obligation on the part of Man Sang Nevada or Man Sang BVI, except as otherwise provided for in the agreement.

Termination Fees

Man Sang Nevada and Man Sang BVI have agreed that there will be no termination fee in the event that the agreement and plan of liquidation is terminated.

Differences Between British Virgin Islands and Nevada Corporate Law (see page 110)

There are a number of significant differences between the rights you would have as a holder of Man Sang Nevada common and preferred stock and the rights you would have as a holder of Man Sang BVI ordinary and preferred shares. Such differences relate to shareholders suits, including class actions and shareholder derivative actions, and protections of the interests of minority shareholders.

The amended and restated memorandum and articles of association of Man Sang BVI are designed to replicate, to the extent reasonably practicable and legally permissible, the rights currently attendant to Man Sang Nevada common stock and preferred stock. However, the rights of the holders Man Sang BVI ordinary shares and preferred shares may be less favorable than the rights of holders of Man Sang Nevada common stock and preferred stock.

In addition, as a foreign private issuer, Man Sang BVI is subject to requirements under the Securities Act and the Exchange Act that are different from the requirements applicable to Man Sang Nevada prior to the liquidation. For additional information regarding the rights of holders of Man Sang BVI ordinary and preferred shares and a summary of certain material differences between the rights of holders of Man Sang BVI ordinary and preferred shares and holders of Man Sang Nevada common and preferred stock, see Description of Man Sang BVI Share Capital beginning on page 95. See also Risk Factors Risks Relating to Ownership of Man Sang BVI Ordinary Shares beginning on page 25.

For a discussion comparing the rights of Man Sang BVI shareholders with Man Sang Nevada stockholders and for information on the different reporting and other requirements that would otherwise apply to Man Sang BVI if it were a company incorporated in Nevada, see the section titled Comparison of Rights of Man Sang Nevada Stockholders and Man Sang BVI Shareholders on page 110.

Recommendation of the Man Sang Nevada Board of Directors (see page 38)

The Man Sang Nevada board of directors has unanimously determined that the dissolution and liquidation of Man Sang Nevada and the agreement and plan of liquidation is advisable and the transactions contemplated by the agreement and plan of liquidation are in the best interests of Man Sang Nevada and its shareholders, and has unanimously approved by written consent the dissolution and liquidation of Man Sang Nevada and the adoption of the agreement and plan of liquidation and the transactions contemplated by the agreement and plan of liquidation.

Prior to providing its unanimous written consent, the board of directors of Man Sang Nevada considered a proposal to dissolve and liquidate our company and discussed the rationale and potential benefits of the liquidation, which have been summarized above under Background and Reasons for the Liquidation. The board of directors also noted potential disadvantages with respect to the liquidation. For further information, see The Liquidation Negative Effects of the Liquidation.

Having considered the above factors, the board of directors has determined that the potential medium- and long-term advantages of the liquidation outweigh potential tax liabilities, and the reduced reporting and corporate and other disadvantages to shareholders as a result of owning shares of a foreign private issuer incorporated in the British Virgin Islands. Accordingly, the board of directors of Man Sang Nevada unanimously approved the dissolution and liquidation of Man Sang Nevada and the adoption of the agreement and plan of liquidation and recommends that you vote FOR the dissolution and liquidation of Man Sang Nevada and the adoption of the agreement and plan of liquidation.

Share Ownership of Directors and Executive Officers (see page 92)

At the close of business on the record date, 2009, the directors and executive officers of Man Sang Nevada and their affiliates beneficially owned approximately 3,437,501 outstanding shares of Man Sang Nevada common stock and 100,000 outstanding shares of Man Sang Nevada preferred stock, which together represent the votes of 6,628,726 shares of Man Sang Nevada common stock, or 69.2%, of Man Sang Nevada common stock, including such number of votes of common stock to which the holders of preferred stock, as a class, are entitled, outstanding and entitled to vote on that date. The holdings of Man Sang Nevada s directors and executive officers are detailed in Securities Ownership of Certain Beneficial Owners and Management.

Interests of the Directors and Executive Officers of Man Sang Nevada in the Liquidation (see page 42)

In considering the recommendation of the Man Sang Nevada board of directors with respect to the agreement and plan of liquidation and the other matters related to the liquidation, you should be aware that certain members of the Man Sang Nevada board of directors and certain of Man Sang Nevada s executive officers have interests in the transactions contemplated by the agreement and plan of liquidation. These interests may be different from, in conflict with, or in addition to, the interests of Man Sang Nevada stockholders generally. These interests include, among other things, the following:

- all of Man Sang Nevada s current board of directors comprise the current board of directors of Man Sang BVI. The existing directors of Man Sang BVI will appoint the officers of Man Sang Nevada to serve in equivalent positions with Man Sang BVI after the effective time of the liquidation;

- all of Man Sang Nevada s current executive officers will be offered equivalent positions with Man Sang BVI after the effective time of the liquidation;

- Mr. Cheng Chung Hing, Ricky, President, Chief Executive Officer and Chairman of the board of directors, and Mr. Cheng Tai Po, Vice Chairman of the board of directors, each a member of Man Sang Nevada s board of directors, and entities affiliated with them, who together owned approximately 3,437,501 outstanding shares of Man Sang Nevada common stock and 100,000 outstanding shares of Man Sang Nevada preferred stock, which together represent the votes of 6,628,726 shares of Man Sang Nevada common stock, or 69.2% of the total voting power of Man Sang Nevada common stock and Series A preferred stock as of the date of the agreement and plan of liquidation, executed a voting agreement agreeing to vote in favor of the dissolution and liquidation of Man Sang Nevada, and the agreement and plan of liquidation at the special meeting;

- Mr. Cheng Chung Hing, Ricky and Mr. Cheng Tai Po, and other directors and executive officers of Man Sang Nevada, participated in the preparation of the agreement and plan of liquidation, this proxy statement/prospectus and other documents relating to the liquidation;

- the continued indemnification of the current directors and officers of Man Sang Nevada under the agreement and plan of liquidation and the continuation of directors and officers liability insurance after the effective time of the liquidation;

- each of Man Sang Nevada s current board of directors and executive officers is not a resident or a citizen of the United States, and, as a result, will experience a reduction in dividend withholding tax with respect to any future issuance of dividends by Man Sang BVI on shares of Man Sang BVI owned by such directors and officers following the liquidation of Man Sang Nevada.

The Man Sang Nevada board of directors was aware of these interests and considered them, among other matters, in making its recommendation. See The Liquidation Background and Reasons for the Liquidation beginning on page 35.

Restrictions on the Ability to Sell Man Sang BVI Shares

All shares of Man Sang BVI ordinary shares and preferred shares to be received by Man Sang Nevada stockholders in connection with the liquidation will be freely transferable unless the holder is an affiliate of Man Sang Nevada prior to the liquidation. In this regard, the principal stockholders of Man Sang Nevada are affiliates and will be subject to restrictions on the resale of Man Sang BVI shares.

Market Price (see page 43)

On July 23, 2009, the last trading day before the public announcement of the liquidation, the closing price per Man Sang Nevada share on the NYSE Amex was US$2.13, and the high and low sales prices were US$2.43 and US$2.13.

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Material Tax Consequences (see page 101)

Generally, for U.S. federal income tax purposes, U.S. shareholders will recognize gain or loss as a result of the liquidation. Such a holder will generally recognize gain or loss equal to the difference, if any, between the fair market value of the Man Sang BVI shares received in the liquidation and the holder s adjusted tax basis in the holder s shares of Man Sang Nevada exchanged therefor. Generally, any such gain will be capital gain if the Man Sang Nevada shares surrendered constitute capital assets.

A Non-U.S. shareholder generally will not be subject to U.S. federal income tax on any gain realized on the exchange of Man Sang Nevada common stock as a result of the liquidation.

Man Sang Nevada will recognize gain or loss for U.S. federal income tax purposes on the distribution of the shares of Man Sang BVI to its shareholders as if the shares had been sold to the distributee at fair market value. The amount of gain or loss will equal the difference between the adjusted basis that Man Sang Nevada has in the Man Sang BVI ordinary and preferred shares and their fair market value on the date of distribution.

WE ENCOURAGE YOU TO READ THE SECTION ENTITLED MATERIAL TAX CONSEQUENCES ON PAGE 101 FOR A MORE DETAILED DESCRIPTION OF THESE TAX CONSEQUENCES. WE ALSO URGE YOU TO CONSULT YOUR OWN TAX ADVISORS REGARDING YOUR PARTICULAR TAX CONSEQUENCES.

In connection with the closing of the liquidation, Man Sang Nevada and Man Sang BVI have received a tax opinion from PricewaterhouseCoopers Limited that the liquidation constitutes a complete liquidation of Man Sang Nevada for U.S. federal income tax purposes under Section 331 and Section 336 of the Internal Revenue Code. In addition, it is a condition to the closing of the liquidation that Man Sang Nevada and Man Sang BVI receive this opinion from PricewaterhouseCoopers Limited and that the tax opinion must not have been withdrawn or modified in any material respect prior to the liquidation.

Accounting Treatment of the Liquidation (see page 43)

Upon completion of the dissolution and liquidation of Man Sang Nevada, Man Sang Nevada will distribute the Assets, which consist of Man Sang BVI ordinary shares and Man Sang BVI preferred shares, to its stockholders on a share-for-share basis. Subject to material tax considerations, the liquidation will not result in changes in our historical consolidated carrying amount of assets, liabilities and shareholders equity.

Voting Agreement (see page 44)

Concurrently with the execution of the agreement and plan of liquidation, the principal stockholders entered into a voting agreement with Man Sang Nevada and agreed, among other things, to take specified actions in furtherance of the dissolution and liquidation of Man Sang Nevada. A copy of the Voting Agreement is attached to this proxy statement/prospectus as Annex B. The principal stockholders own sufficient shares of Man Sang Nevada common stock and preferred stock to approve the dissolution and liquidation of Man Sang Nevada and the adoption of the agreement and plan of liquidation.

Regulatory Matters (see page 44)

We do not expect that the dissolution and liquidation of Man Sang Nevada will be subject to any United States or foreign regulatory requirements other than the filing of the registration statement on Form F-4, of which this proxy statement/prospectus forms a part, with the SEC, and the filing of certain documents with the Secretary of State of the State of Nevada.

Risk Factors (see page 14)

The liquidation will expose us and you to some risks. For a discussion of risk factors associated with the liquidation, please see the discussion under Risk Factors on page 14.

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SUMMARY OF SELECTED HISTORICAL FINANCIAL DATA

The selected historical consolidated financial data of Man Sang Nevada presented in the table below was derived from Man Sang Nevada s audited consolidated financial statements as of and for the five years ended March 31, 2009. This data should be read in conjunction with Man Sang Nevada s audited consolidated financial statements, including the notes to the financial statements, for the years ended March 31, 2009, 2008 and 2007, which are included in this proxy statement/prospectus, beginning on page F-1.

We have not included data for Man Sang BVI, since each of Man Sang Nevada and Man Sang BVI is a holding company with no operations or assets, other than its equity interests in subsidiaries. In addition, Man Sang BVI was Man Sang Nevada s wholly owned subsidiary during each of the years presented. Therefore its consolidated historical financial data is the same as that of Man Sang Nevada.

	Year Ended March 31,					
	2009 US$(1)	2009 HK$	2008 HK$	2007 HK$	2006 HK$	2005 HK$
	(Dollars in thousands, except share data)					
Income Statement Data:						
Net sales	42,710	333,138	633,691	398,279	378,297	412,262
Cost of sales	(27,952)	(218,030)	(352,195)	(285,580)	(272,443)	(295,014)
Gross profit	14,758	115,108	281,496	112,699	105,854	117,248
Rental income, gross	3,410	26,596	6,802	4,225	3,362	4,646
Expenses from rentals	(3,218)	(25,097)	(5,956)	(5,888)	(6,802)	(11,027)
	192	1,499	846	(1,663)	(3,440)	(6,381)
Selling, general and administrative expenses	(19,091)	(148,905)	(118,430)	(84,134)	(70,411)	(81,862)
Operating income	(4,141)	(32,298)	163,912	26,902	32,003	29,005
Equity in loss of an affiliate	(7)	(54)	(7)			
Interest expenses						(100)
Interest income	1,288	10,043	17,872	9,394	7,140	1,067
Gain on sales of a real estate investment	109	854	10,485			34,248
Other income	606	4,724	3,693	28,981	2,312	1,617
Other than temporary decline in fair value of marketable securities	(660)	(5,148)				
(Loss) Income before income taxes and minority interests	(2,805)	(21,879)	195,955	65,277	41,455	65,837

Income taxes expense	401	3,132	(75,267)	(6,776)	(4,095)	(6,129)
Minority interests	987	7,694	(80,753)	(30,536)	(19,748)	(32,792)
Net income	(1,417)	(11,053)	39,935	27,965	17,612	26,916
Basic earnings per common share	(0.20)	(1.71)	6.16	4.31	2.90	4.80
Diluted earnings per common share	(0.20)	(1.71)	5.94	4.23	2.74	4.24
Weighted average number of shares of common stock outstanding :						
Basic	6,382,582	6,382,582	6,382,582	6,382,582	5,980,870	5,509,847
Diluted	6,382,582	6,382,582	6,382,582	6,382,582	6,323,848	6,231,653
Weighted average number of shares of preferred stock outstanding:						
Basic	100,000	100,000	100,000	100,000	100,000	100,000
Diluted	100,000	100,000	100,000	100,000	100,000	100,000
Dividend per common share						
Dividend per preferred share						

(1) Translations of Hong Kong dollars into U.S. dollars were made at the rate of HK$7.80 = US$1.00.

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	As of March 31,					
	2009	**2009**	**2008**	**2007**	**2006**	**2005**
	US$(1)	**HK$**	**HK$**	**HK$**	**HK$**	**HK$**
	(Dollars in thousands)					
Balance Sheet Data:						
Non-current assets	97,699	762,056	705,367	252,491	167,847	166,463
Current assets	122,252	953,573	1,076,270	426,618	440,928	392,778
Total assets	219,951	1,715,629	1,781,637	679,109	608,775	559,241
Total current liabilities (including current portion of long-term debt)	(77,431)	(603,963)	(567,402)	(42,600)	(35,859)	(35,750)
Long-term debt	(13,038)	(101,700)	(166,500)			
Other liabilities (including minority interests)	(77,566)	(605,016)	(631,758)	(316,150)	(282,020)	(258,775)
Total liabilities	(168,035)	(1,310,679)	(1,365,660)	(358,750)	(317,879)	(294,525)
Shareholders equity	(51,916)	(404,950)	(415,977)	(320,359)	(290,896)	(264,716)

(1) Translations of Hong Kong dollars into U.S. dollars were made at the rate of HK$7.80 = US$1.00.

SUMMARY PRO FORMA FINANCIAL DATA

A pro forma condensed consolidated balance sheet for Man Sang BVI is not presented in this proxy statement/prospectus because there would be no significant pro forma adjustments required to be made to the historical consolidated balance sheet of Man Sang Nevada as of March 31, 2009 and 2008.

A pro forma condensed consolidated income statement for Man Sang BVI is not presented in this proxy statement/prospectus because there would be no significant pro forma adjustments required to be made to income from operations in the historical consolidated income statements of Man Sang Nevada for the years ended March 31, 2009 and 2008.

Reference is made to the consolidated financial statements of Man Sang Nevada, beginning with the index thereto on page F-1.

Costs incurred in connection with the dissolution and liquidation of Man Sang Nevada are estimated to be approximately US$800,000 and will be expensed as incurred. Although the dissolution and liquidation will result in the elimination of Man Sang Nevada as the holding company of our group, the dissolution and liquidation should have no material impact on our financial condition or operating results, other than the costs incurred in connection with the dissolution and liquidation and U.S. federal income tax arising from the deemed disposal of its shareholdings in Man Sang BVI.

RISK FACTORS

In addition to the other information included in this proxy statement/prospectus, you should carefully consider the following risks that could materially affect the trading price of Man Sang Nevada s common stock and the ordinary shares of Man Sang BVI, your interests as a shareholder, and our future performance, cash flows and financial condition.

Risks Relating to the Liquidation

The IRS may challenge the position taken by Man Sang Nevada with respect to the adjusted basis and valuation of its assets

Man Sang Nevada will be required to pay taxes in the United States as a result of the liquidation. We cannot assure you that the IRS will not challenge the position taken by Man Sang Nevada with respect to the adjusted basis and the valuation of its assets. If the IRS were to successfully challenge the adjusted basis and the valuation of Man Sang Nevada s assets, Man Sang BVI, as a successor to Man Sang Nevada, could incur a material amount of United States federal income tax liability as a result of the liquidation. A more detailed discussion of the material United States federal income tax consequences of the reorganization to Man Sang Nevada and Man Sang BVI is set forth under the heading Material Tax Consequences Material United States Federal Income Tax Consequences on page 101.

There is a risk that Man Sang BVI could be treated as a U.S. domestic corporation for U.S. federal income tax purposes after the liquidation, which could result in significantly greater U.S. federal income tax liability to us

Section 7874(b) of the Internal Revenue Code, or Section 7874(b), generally provides that a corporation organized outside the United States which acquires, directly or indirectly, pursuant to a plan or series of related transactions substantially all of the assets of a corporation organized in the United States will be treated as a domestic corporation for U.S. federal income tax purposes if shareholders of the acquired corporation own at least 80% (of either the voting power or the value) of the stock of the acquiring corporation after the acquisition. If Section 7874(b) were to apply to the liquidation, then we would be subject to U.S. federal income tax on our worldwide taxable income following the change of our place of incorporation as if we were a domestic corporation.

We believe that under Section 7874(b), Man Sang BVI will not be treated as a domestic corporation for U.S. federal income tax purposes. However, there is no assurance that the IRS would not seek to assert that Man Sang BVI is subject to U.S. federal income tax on its worldwide income after the liquidation, although we believe that such an assertion should not be successful. As such, shareholders are urged to consult their own tax advisors on this issue.

The liquidation may not allow us to maintain a competitive worldwide effective corporate tax rate

We believe that the liquidation will help enhance our cash flow and reduce our worldwide effective tax rate. However, we cannot give any assurance as to the amount of taxes we will pay as a result of or after the liquidation. The amount of taxes we will pay will depend in part on our treatment by the taxing authorities in the jurisdictions in which we operate. Additionally, the tax laws of the British Virgin Islands and other jurisdictions could change in the future, and such changes could cause a material change in our effective tax rate.

Tax law changes could adversely affect Man Sang BVI, its subsidiaries and its shareholders

Changes in tax laws, treaties or regulations or the interpretation or enforcement thereof could adversely affect the tax consequences of the liquidation. In addition, if the IRS or other taxing authorities do not agree with our assessment of the effects of such laws, treaties and regulations, this could have a material adverse effect on the tax consequences of the liquidation.

WE STRONGLY URGE YOU TO CONSULT YOUR TAX ADVISORS REGARDING YOUR PARTICULAR TAX CONSEQUENCES OF THE CHANGE OF OUR INCORPORATION.

The liquidation could result in adverse tax consequences for you

Depending on your circumstances, you may be required to make a filing with the IRS as a result of the liquidation. If you fail to make this filing on a timely basis you could owe taxes as a result of the liquidation, even though you will not have realized any income or liquidity as a result. For a more detailed description of the tax consequences associated with this transaction, see Material Tax Consequences Material United States Federal Income Tax Consequences.

Man Sang BVI may be classified as a passive foreign investment company, which could result in adverse U.S. federal income tax consequences to U.S. holders of its ordinary and preferred shares

We do not expect for Man Sang BVI to be considered a passive foreign investment company, or PFIC, for U.S. federal income tax purposes for our current taxable year ending March 31, 2010, and we expect that Man Sang BVI will conduct its operations in such a manner so as not to become a PFIC in future taxable years. However, we must make a separate determination each year as to whether we are a PFIC (after the close of each taxable year). Accordingly, we cannot assure you that we will not be a PFIC for our current taxable year ending March 31, 2010 or any future taxable year. A non-U.S. corporation will be considered a PFIC for any taxable year if either (1) at least 75% of its gross income (looking through to certain corporate subsidiaries) is passive income or (2) at least 50% of the average value of its assets (looking through certain corporate subsidiaries) is attributable to assets that produce, or are held for the production of, passive income. The market value of Man Sang BVI s assets may be determined in large part by the market value of the shares of Man Sang International Limited, which is likely to fluctuate. If Man Sang BVI were treated as a PFIC for any taxable year during which a U.S. person held an ordinary or preferred share, certain adverse U.S. federal income tax consequences could apply to such U.S. person.

We urge U.S. shareholders to consult their own tax advisors regarding the possible application of the PFIC rules. For a more detailed discussion of the PFIC rules, see Material Tax Consequences Material United States Federal Income Tax Consequences Tax Consequences to U.S. Holders of Man Sang BVI Shares Passive Foreign Investment Company Rules.

We may not realize the expected cost savings and other benefits from the liquidation

We expect that we will realize cost savings and other financial and operating benefits as a result of the liquidation and the change of our place of incorporation. For a description of the anticipated benefits cost savings and benefits we expect to realize from the liquidation and change in place of our incorporation, see The Liquidation Background and Reasons for the Liquidation. However, we cannot predict with certainty if or when these cost savings and benefits will occur, or the extent to which they actually will be achieved. Many factors could affect our ability to realize the anticipated benefits of the liquidation. The anticipated reduction of SEC reporting requirements and related expenses may not be achieved in the event of changes to the SEC rules applicable to foreign private issuers. In addition, if opportunities for us to engage in merger and acquisition activities with, or attract investment from, non-U.S. parties do not materialize, the liquidation may not prove useful for this purpose as we anticipate. With regard to simplification of our tax position, since we have not paid United States corporate income or dividend taxes in the last three fiscal years, primarily because Man Sang Nevada has no operations in the United States and paid no dividends in the last three fiscal years, and assuming no change in our dividend practices, we may find that our overall tax position does not materially improve as a result of the liquidation. In addition, changes in existing or proposed tax laws in the places of incorporation of Man Sang BVI and its subsidiaries, which are the British Virgin Islands, Bermuda, Hong Kong and China, may result in the liquidation not achieving some or all of our anticipated benefits. In particular, if we are considered as a PRC tax resident enterprise under the new PRC Enterprise Income Tax Law, then our global income will be subject to PRC enterprise income tax at the rate of 25%. Further, any dividends paid by our PRC subsidiaries to our offshore intermediate holding companies will be subject to 10% withholding tax, unless there are applicable tax treaties to reduce this rate. See Risks Relating to Our Business The implementation of new tax laws may significantly increase our income tax liability. Other factors that may affect our ability to realize the anticipated benefits of the liquidation include a number of other macroeconomic factors beyond our control, such as general economic and market conditions, increased operating costs and regulatory developments.

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Man Sang Nevada did not receive an opinion as to the fairness of the terms and conditions of the liquidation. Accordingly, you will not be able to rely on a third party opinion in determining the fairness of the transaction

Man Sang Nevada did not receive an opinion from an independent third party with respect to whether the terms and conditions of the liquidation are fair to shareholders from a financial perspective. In making the determination that the liquidation is fair and in the interest of the stockholders, Man Sang Nevada s board of directors relied on, among other things, its analysis that the financial value of the ordinary and preferred shares of Man Sang BVI immediately after the liquidation would be effectively the same as the financial value of the common and preferred stock of Man Sang Nevada immediately before the liquidation.

We may prepare our financial statements in accordance with IFRS following the liquidation, which could have a significant effect on our reported financial results

The SEC permits foreign private issuers to file financial statements in accordance with International Financial Reporting Standards or IFRS, as issued by the International Accounting Standards Board, or IASB. At any time in the future, as a foreign private issuer, we may decide to prepare our financial statements in accordance with IFRS as issued by the IASB. If we decide to prepare our financial statements in accordance with IFRS as issued by IASB, we may choose to recognize fair value gains or losses on our investment properties as of the balance sheet date. The annual revaluation of our investment properties will be based on market conditions and other factors that are uncertain and beyond our control and could result in significant fluctuations in our results of operations. Any application by us of different accounting standards, a change in the rules of IFRS as issued by the IASB, or in the SEC s acceptance of such rules, could have a significant effect on our reported financial results.

Risks Relating to Our Business

We face a number of risks related to the recent financial crisis and severe tightening in the global credit markets

The ongoing global financial crisis affecting the banking system and financial markets has resulted in a severe tightening in credit markets, a low level of liquidity in many financial markets, and extreme volatility in credit and equity markets. If these conditions continue or worsen, our cost of borrowing may increase, the terms of borrowings may become onerous and it may become more difficult to obtain financing for our operations or investments. The financial crisis could also impact our business in other ways, including:

Economic Downturns in the Markets in Which We Operate. Sustained downturns in the Asia, United States and Europe markets in which we operate may result in a continued decline in demand for our products and have a negative impact on our financial condition and results of operations over the next several fiscal quarters and possibly beyond.

Potential Reduction or Delay of Purchases and Orders by Customers. Recessionary conditions and depressed levels of consumer and commercial spending have caused and may continue to cause customers to reduce, modify, delay or cancel plans to purchase our products in response to tighter credit, decreased cash availability and declining consumer confidence. Accordingly, future demand for our products could differ materially from our current expectations, which could have a negative result on our financial condition and results of operations.

Liquidity Issues with Our Customers. Because we generally grant credit to our customers, we have a significant amount of accounts receivables. In January 2009, one of our existing customers in the United States filed for Chapter 11 bankruptcy protection. If other customers encounter liquidity issues or are forced to seek bankruptcy protection, then we could encounter delays or defaults in payments owed to us which could adversely impact our financial condition and results of operations. Our allowance for doubtful accounts increased by HK$27.1 million, or 158.1%, from HK$17.1 million as of March 31, 2008 to HK$44.2 million as of March 31, 2009. Allowance for doubtful accounts as a percentage of gross accounts receivable increased from 10.4% as of March 31, 2008 to 30.9% as of March 31, 2009.

Negative Impact from Increased Financial Pressures on Key Suppliers. Our ability to meet customers demands depends, in part, on our ability to obtain timely and adequate delivery of materials from our suppliers. If certain key suppliers were to become capacity constrained or insolvent as a result of the financial crisis, it could

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result in a reduction or interruption in supplies or a significant increase in the price of supplies, or otherwise materially change the terms of sale, and adversely impact our financial condition and results of operations. In addition, credit constraints of key suppliers could result in accelerated payment of accounts payable by us, impacting our cash flow.

Reduction of Discretionary Spending by Retail Customers. Our results of operations are impacted by the discretionary spending of retail customers, both of our pearl and jewelry products and the products of our tenants. Discretionary spending is affected by many factors, including, among others, general business conditions, interest rates, inflation, consumer debt levels, the availability of consumer credit, currency exchange rates, taxation, electricity power rates, gasoline prices, unemployment trends and other matters that influence consumer confidence and spending. Many of these factors are outside of our control. Retail customers purchases of discretionary items, including our products, could decline during periods when disposable income is lower or in periods of actual or perceived unfavorable economic conditions, which could adversely impact our financial condition and results of operations.

A few large suppliers account for a significant percentage of our pearl supplies, and we may be unable to purchase adequate supplies of pearls

Our principal raw materials are pearls. As pearls are commodities and their value is subject to prevailing market conditions, buyers and sellers of pearls do not customarily enter into any long-term contracts. We purchase different types of pearls from different sources around the world but do not currently have any fixed term purchase contracts with any pearl farmers or suppliers. Rather, we negotiate the purchase of pearls on an as needed basis at prevailing market prices. In addition, a few large suppliers account for a significant percentage of our pearl supplies. In fiscal years 2009, 2008 and 2007, our five largest suppliers accounted for approximately 50.0%, 47.1% and 51.9% of our total purchases, with the largest supplier accounting for approximately 21.3%, 16.2% and 16.3% of our total purchases.

If the availability or cost of pearls is adversely affected (for example, due to a decrease in one of our significant suppliers or in the number of suppliers, or a reduction in the overall availability, whether due to a lack of supply, the loss of a supply contract, or increased demand from our competitors), we may have to bear greater expenses for, or be unable to acquire, adequate supplies of pearls of the quality or on the terms required by us. Any such adverse changes may require us to increase prices or stop producing certain products and could adversely affect our business, results of operations, financial condition and future prospects.

We have significant outstanding bank borrowings, and we may not be able to arrange adequate financing when they mature

As of March 31, 2009, we had HK$493.1 million in cash and cash equivalents and HK$192.1 million in outstanding borrowings (denominated in Renminbi), of which approximately HK$90.4 million was due within one year. We might not be able to obtain extensions of these borrowings in the future as they mature. In the event we are unable to obtain extensions of these borrowings, or if we are unable to obtain sufficient alternative funding at reasonable terms to make repayments, we will have to repay these borrowings with cash generated by our operating activities. Our business might not generate sufficient cash flow from operations to repay these borrowings, some of which are secured by significant amounts of our assets. In addition, repaying these borrowings with cash generated by our operating activities will divert our financial resources from the requirements of our ongoing operations and future growth, and would have a material adverse effect on our business, financial condition and future prospects.

Disruptions in the financial market may adversely affect the availability and cost of credit to us

Our ability to make scheduled payments or refinance our obligations with respect to indebtedness will depend on our operating and financial performance, which in turn is subject to prevailing economic conditions and financial, business and other factors beyond our control. Recent disruptions in the financial markets, including the bankruptcy or restructuring of a number of financial institutions in the United States and Europe, reduced lending activity, decreased liquidity and higher costs in the credit markets, may adversely affect the availability and cost of credit that we have already arranged, and the availability, terms and cost of credit in the future, including any financing necessary to complete China Pearls and Jewellery City, our pearl market center under development in the PRC. In this regard, as a consequence of the on-going global financial crisis affecting the banking system and

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financial markets, the PRC has also recently experienced a tightening in credit markets. We cannot assure you that recent PRC government fiscal stimulus measures in response to disruptions in the financial markets will stabilize the markets in general or increase liquidity and the availability of credit to us.

We operate in a highly competitive industry

The pearl and jewelry industry is highly competitive. We compete with a large number of local and international pearl and jewelry manufacturers and wholesalers. Because of the breadth and depth of this competition, we are constantly under competitive pressure that both constrains pricing and requires extensive merchandising efforts in order for us to remain competitive. We compete primarily on the basis of our reputation for high quality products, brand recognition and distinctive merchandise. Our success is also dependent on our ability to both react to and create customer demand for our pearl and jewelry products. Certain of our competitors, especially jewelry retailers, are larger, have been in existence for a longer period of time, have achieved greater brand recognition and a greater market share in the markets in which we operate and have substantially greater financial, distribution and other resources than we do. Due to the above factors, we cannot assure you that we can continue to compete favorably in this highly competitive industry.

Changes in climate or environmental conditions may lead to fluctuations in pearl prices

Any adverse change in the climate or environmental conditions in the areas where we obtain our source of supply of pearls may have an adverse effect on pearl harvesting, the supply of pearls and our business.

Over the years, we have developed relationships with a network of suppliers in an attempt to ensure a steady supply of different varieties of pearls. In order to reduce the impact of fluctuations in pearl prices, we have adopted policies aimed at both diversifying our product range as well as the sources and suppliers from which we purchase pearls. In so doing, we believe we are less susceptible to fluctuations in pearl supplies due to changes in climate or environmental conditions in any particular region of supply. However, pearls remain our primary product. Any adverse change in the climate or environmental conditions in any region of supply of pearls may have an adverse effect on the prices of pearls in the entire market and may adversely affect our profitability.

Changes in the purchasing decisions of our customers may affect our future operating results

Our customer network consists principally of wholesale distributors and mass merchandisers in Europe, the United States, Hong Kong and other Asian countries. In accordance with industry practice, we generally do not have long-term sales arrangements with our customers. As a result, short-term changes to these customers purchasing decisions could affect our year-to-year sales volumes. In addition, our customers purchase orders may vary significantly from period to period. As a result, it may be difficult for us to forecast our revenues in future periods. Because our current expense levels are based in part on our expectations for future revenues, we may be unable to adjust our purchases of supplies, and as a result reduce our expenses, in a timely manner in response to unexpected disruptions in purchase orders from customers. This could have a material and adverse effect on our business, results of operations and financial condition.

Our sales could be negatively impacted by the actions or circumstances of one or more key customers leading to material fluctuations in revenues or a substantial reduction in orders for our products

We currently sell a substantial portion of our pearls and jewelry products to a limited number of customers. In fiscal years 2009, 2008 and 2007, sales to our top five customers accounted for approximately 47.4%, 41.9% and 41.1%, respectively, of our total sales, and our largest customer accounted for approximately 15.1%, 10.4% and 16.0%, respectively, of our total sales. Dependence on a limited number of customers exposes us to the risks that one of the following events may cause material fluctuations or declines in our revenues:

- reduction, delay or cancellation of orders from one or more of our significant customers;

- loss of one or more of our significant customers due to disputes, dissatisfaction with our products or otherwise, and our failure to attract additional or replacement customers; and

- failure of any of our significant customers to make timely payment for our products.

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Our business could be harmed if we fail to maintain proper inventory levels

Recently, we have decreased inventory purchases in response to a decrease in demand in the United States and Asia markets. We may be unable to sell the products that we have in our inventory. The current economic environment has made accurate projecting of inventory levels increasingly challenging. Inventory levels in excess of customer demand may result in inventory write-downs, or the sale of excess inventory at discounted prices, all of which could adversely affect our gross margins. Conversely, if we underestimate consumer demand for our pearls and jewelry products or if our suppliers fail to supply pearls in a timely manner, we may experience inventory shortages. Inventory shortages might result in unfilled orders, negatively impact customer relationships and result in lost revenues, any of which could harm our business.

Global or regional recessions may adversely affect consumer purchases of our products

Our revenues are dependent on cycles in general global and regional economic conditions and macroeconomic factors such as employment levels, salary levels, business conditions, tax rates and credit availability, all of which affect consumer spending on discretionary items such as jewelry, which are perceived as luxuries. Volumes and values of sales of jewelry tend to decrease faster than sales and values of essential goods during economic downturns. Declining confidence in the global economy or regional economies where we are active could therefore adversely affect consumers ability and willingness to purchase our products. Regionally, purchases made by our customers in North America, Europe and Hong Kong and other Asian countries accounted for approximately 22.1%, 48.3% and 21.5% of our total revenues in fiscal year 2009. Should any of these economies suffer a serious economic downturn, it could have a material and adverse effect on our business, results of operations and financial condition.

We are exposed to currency exchange fluctuations

We make the majority of our purchases in U.S. dollars, Hong Kong dollars, Japanese Yen and Renminbi, and denominate our sales in either U.S. dollars or Hong Kong dollars. Accordingly, changes in currency exchange rates (including revaluation of the Renminbi) and costs of conversion between U.S. dollars, Hong Kong dollars and such other currencies may have an adverse effect on our business. These exposures may change over time as business practices evolve and could result in increased costs or reduced revenue that could impact our cash flow and operating results. Currency devaluations and unfavorable changes in international monetary and tax policies could also have a material adverse effect on our profitability.

The implementation of new tax laws may significantly increase our income tax liability

Man Sang Nevada is a holding company incorporated in Nevada and Man Sang BVI is a holding company incorporated in the British Virgin Islands. We also have intermediate holding companies incorporated in Bermuda and Hong Kong, and subsidiaries that operate in the PRC. As a result, any change in the policies or regulations regarding taxation in the British Virgin Islands, Bermuda, Hong Kong or the PRC may have a material adverse effect on our profitability. On March 16, 2007, the PRC National People s Congress, the PRC legislature, adopted a new tax law, the Enterprise Income Tax Law of the People s Republic of China, or the Enterprise Income Tax Law, which became effective January 1, 2008. On December 6, 2007, the State Council promulgated the Implementation Regulations of the Enterprise Income Tax Law, or the Implementation Regulations, which also became effective January 1, 2008. The Enterprise Income Tax Law imposes a uniform tax rate of 25% for all enterprises incorporated or resident in China, including foreign investment enterprises, and eliminates many tax exemptions, reductions and preferential treatments formerly applicable to foreign investment enterprises. Man Hing Industry Development (Shenzhen) Co., Ltd., our primary manufacturing subsidiary in China, enjoyed a preferential enterprise income tax rate of 20% on its taxable income prior to and during fiscal year 2009. Under the Enterprise Income Tax Law and the Implementation

Regulations, Man Hing Industry Development (Shenzhen) Co., Ltd. s income tax rates will increase gradually over a period of five years until it pays income tax at a rate of 25%.

Under the Income Tax Law for Enterprises with Foreign Investment and Foreign Enterprises, effective prior to January 1, 2008, any dividends payable by foreign-invested enterprises to their non-PRC investors were exempt from any PRC withholding income tax. Under the new Enterprise Income Tax Law, China-sourced income of foreign enterprises, such as dividends paid by a PRC subsidiary to its overseas parent, will normally be subject to PRC withholding tax at a rate of 10%, unless there are applicable treaties that reduce such rate. Neither the British

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Virgin Islands nor Bermuda has a tax treaty with China entitling us to any withholding tax lower than 10%. Hong Kong, where some of our intermediate holding companies are incorporated, has an arrangement with China under which the dividend withholding tax rate is reduced to 5% if a Hong Kong resident enterprise owns over 25% of the PRC company distributing the dividends. If the applicable Hong Kong intermediate holding company is regarded as a non-resident enterprise and owns at least a 25% share in the relevant PRC subsidiary, dividends paid by such PRC subsidiary would be subject to a withholding tax at the rate of 5%, provided that the Hong Kong subsidiary and we are not considered to be a PRC tax resident enterprise, as described below.

The new Enterprise Income Tax Law, however, also provides that enterprises established outside China whose de facto management bodies are located in China are considered resident enterprises and will generally be subject to the uniform 25% enterprise income tax rate on their global income. Under the Implementation Regulations, de facto management bodies is defined as the bodies that have, in substance, overall management control over such aspects as the production and business, personnel, accounts and properties of an enterprise. Pursuant to this definition, we believe our de facto management bodies are located in Hong Kong. However, if we are considered as a PRC tax resident enterprise under the above definition, then our global income will be subject to PRC enterprise income tax at the rate of 25%.

Dividends payable by us to our foreign investors and gain on the sale of our shares may become subject to withholding taxes under PRC tax laws

Under the new Enterprise Income Tax Law and the Implementation Regulations, PRC income tax at the rate of 10% applies to dividends payable to investors that are non-resident enterprises (and that do not have an establishment or place of business in China, or that have such establishment or place of business but the relevant income is not effectively connected with such establishment or place of business) to the extent such dividends are sourced within China and the enterprise that distributes dividends is considered a resident enterprise in China. Therefore, if we are considered as a PRC tax resident enterprise for tax purposes, any dividends we pay to our overseas shareholders as well as gains realized by such shareholders from the transfer of our shares may be regarded as China-sourced income and as a result be subject to 10% PRC withholding tax. We intend to take the position that any dividends we pay to our overseas shareholders will not be subject to a withholding tax in the PRC.

As the new Enterprise Income Tax Law and the Implementation Rules have only recently taken effect, it is uncertain how they will be implemented by the relevant PRC tax authorities. In addition, a number of detailed implementation regulations are still in the process of promulgation. If dividend payments from our PRC operating subsidiaries to our overseas intermediate holding companies, and from our overseas intermediate holding companies to us are subject to PRC withholding tax, our financial condition, results of operations and the amount of dividends available to pay our shareholders may be adversely affected. If dividends we pay to our overseas shareholders or gains realized by such shareholders from the transfer of our shares are subject to PRC withholding tax, it may materially and adversely affect your investment return and the value of your investment in us.

We are exposed to general real estate investment risks

We own certain real estate investments. Real estate investments, like many other types of long-term investments, have historically experienced significant fluctuations in value, and specific market conditions and cycles may result in occasional or permanent reductions in the value of our investments. Property cash flows and the marketability and value of real property will depend on many factors beyond our control, including, without limitation:

- adverse changes in international, national, regional and local economic and market conditions;
- changes in interest rates or financial markets;

fluctuating local real estate conditions and changes in local laws and regulations;

changes or promulgation and enforcement of governmental regulations relating to land use and zoning, environmental, occupational and safety matters;

changes in real estate tax rates and other operating expenses;

- existence of uninsured or uninsurable risks; and
- natural disasters, acts of war or terrorism.

We may not be able to complete China Pearls and Jewellery City or commence or complete our properties planned for future real estate projects on time or within budget

Our real estate projects involve acquiring land-use rights for large plots of land, many of which have existing structures and residents, from municipal and provincial governments of the PRC. Other properties we may develop in the future may also involve similar circumstances. Acquiring these development rights, converting them into land-use rights and committing the financial and managerial resources to develop the land involves significant risks. Before a real estate development project generates any revenue, we must make a variety of material expenditures, including to acquire the development rights and to construct the required infrastructure. As of March 31, 2009, China Pearls and Jewellery City Holdings Limited, a subsidiary of Man Sang Nevada, had incurred approximately HK$793 million in development costs, primarily for the construction of phase one of China Pearls and Jewellery City.

It generally takes several years for a planned real estate project to generate revenue, and we cannot assure you that our real estate projects will achieve positive cash flow. As a result, our current and future real estate development activities may be exposed to the following risks:

- we may lease or sell developed properties at below expected rental rates or sales prices, and we may experience delays in the sale or leasing of developed properties;
- we may be unable to complete construction of our real estate projects on schedule, or on budget, due to a variety of factors including shortages of materials, equipment, technical skills and labor, adverse weather conditions, natural disasters, labor disputes, disputes with contractors and sub-contractors, accidents, changes in government priorities and policies, changes in market conditions, delays in the relocation process, delays in obtaining the requisite licenses, permits and approvals from the relevant authorities and other problems and circumstances, resulting in increased debt service expense and construction costs;
- occupancy rates, rents and sales prices at our real estate properties may fluctuate depending on a number of factors, including market and economic conditions, and may result in our investments being less profitable than we expected or not profitable at all;
- the services rendered by our contractors may not always meet our quality requirements, and negligence or poor work quality by any contractors may result in defects in our buildings or trade center units, which could in turn cause us to suffer financial losses, harm our reputation or expose us to third-party claims;
- since it normally takes several years for us to complete a real estate project, we expect that we will be affected by increases in the costs of construction materials and the costs of other goods and services, most significantly labor costs.
- we may delay, or change the structure of, real estate projects and as a result we may lose deposits paid to participate in the land tender process or fail to recover expenses already incurred;
- we may be unable to obtain, or face delays in obtaining, required zoning, land-use, building, occupancy, and other governmental permits, rights and authorizations, which could result in increased costs with respect to a project;

The occurrence of any of these circumstances, most of which are beyond our control, could delay the completion of our real estate projects, which could adversely affect our business, financial condition and results of operations, which in turn could cause the market value of our securities to decline.

We may not be able to generate sufficient cash flow or obtain financing to complete China Pearls and Jewellery City or implement our business strategies

We intend to invest approximately HK$88.6 million and HK$28.5 million for capital expenditures in fiscal years 2010 and 2011, respectively, nearly all of which will be dedicated to the construction of the phase one pearl market center for China Pearls and Jewellery City. We intend to finance these capital expenditures with cash reserves, cash flows from operations, dividend payments from subsidiaries and, if required, borrowings. We may not generate sufficient cash flows from operations to fully fund our capital expenditures for China Pearls and

Jewellery City or other projects we may undertake. We may need additional funding to implement our business strategy. If we are unable to generate enough cash to pay for these projects we may need to raise additional funds. We may not be able to raise any additional funds on commercially acceptable terms, if at all. If we can not generate enough cash, or find alternative sources of funding to complete these projects, our business, cash flows, financial condition, results of operations and prospects could be materially and adversely affected.

The cyclical nature of the real estate industry could adversely affect our results of operations

The results of our real estate operations are affected by the cyclical nature of the real estate industry in the PRC. Property values and rents are affected by, among other factors, supply and demand of comparable properties, interest rates, unemployment rates, inflation, the rate of economic growth, tax laws and political and economic developments in the PRC. We cannot assure you that property values and rents will not decline in the future. In addition, increased competition from other pearl processing and pearl market centers could adversely affect our rents and occupancy rates at Man Sang Industrial City and China Pearls and Jewellery City as well as sales prices for our units at China Pearls and Jewellery City. Furthermore, a significant downturn in demand for pearl and jewelry products could adversely affect demand for our units at Man Sang Industrial City and China Pearls and Jewellery City. A significant downturn in demand for our units would result in a material adverse effect on our business, financial condition and results of operations.

If we fail to obtain the necessary land-use rights, we will not be able to continue the development of China Pearls and Jewellery City

We entered into a master agreement with the Zhuji Shanxiahu People s Government in January 2006 for the development of China Pearls and Jewellery City. Pursuant to this master agreement, the Zhuji Shanxiahu People s Government has identified land which is suitable for the development of China Pearls and Jewellery City. However, the signing of the master agreement does not guarantee that we will obtain all of the land identified therein, which is transferred by public tender, auction or listing for sale. As of March 31, 2009, we had obtained the land-use rights for approximately 300,000 square meters of land for the development of China Pearls and Jewellery City, including substantially all of the land-use rights for our phase one pearl market center.

We cannot assure you that land administration authorities will grant us the remaining 900,000 square meters of land corresponding to the land identified in our master agreement for the development of the remaining phases of China Pearls and Jewellery City in a timely manner, or at all. Moreover, we cannot assure you that we will be able to obtain the land at our desired price. If we are not successful in obtaining the land-use rights for the development of the remaining phases of China Pearls and Jewellery City, we will not be able to develop China Pearls and Jewellery City as planned, which may result in a material adverse effect on our business, financial condition and results of operations.

Our results of operations may fluctuate from period to period due to variations in the proceeds received from sales of pearl market center units in China Pearls and Jewellery City

Our policy will be to maintain an optimal mix between pearl market center units for sale and pearl market center units held as investment properties at China Pearls and Jewellery City. Accordingly, our results of operations may fluctuate from period to period depending upon the proportion and gross floor area of pearl market center units that are sold or leased, as well as when construction of pearl market center units is completed. In addition, because China Pearls and Jewellery City is a large-scale, multi-phase project to be developed over the course of several years, the selling prices of pearl market center units are also subject to fluctuation, which may result in a material adverse effect on our business, financial condition and results of operations.

Our operations are subject to extensive governmental regulation, and we are susceptible to changes in policies related to the real estate market in the PRC

In order to develop and operate China Pearls and Jewellery City, we must obtain various permits, licenses, certificates and other approvals from the relevant administrative authorities at various stages of development, including land-use rights documents, planning permits, construction permits, and certificates or confirmation of completion and acceptance. Each approval is dependent on the satisfaction of certain pre-conditions. We cannot assure you that we will be able to fulfill the pre-conditions necessary to obtain required governmental approvals, or that we will be able to adapt to new laws, regulations or policies that may come into effect from time to time with

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respect to the real estate market in general or the particular processes with respect to the grant of approvals in China. There may also be delays on the part of relevant administrative bodies in reviewing our applications and granting approvals. If we fail to obtain, or experience material delays in obtaining, the requisite governmental approvals, the development, sale and lease of China Pearls and Jewellery City pearl market center units could be substantially disrupted, which would result in a material adverse effect on our business, financial condition and results of operations.

Demand for our units at China Pearls and Jewellery City and Man Sang Industrial City has been and may continue to be negatively affected by the recent financial market and economic crisis, which would have a material adverse effect on our business, results of operations and financial condition

The recent global financial crisis has adversely affected the United States and other world economies. Although the PRC government has adopted increasingly flexible macroeconomic policies, including an announced fiscal stimulus package, aimed at offsetting the slowdown brought about by the financial crisis, as the financial crisis has broadened and intensified, the growth of China s economy has been negatively impacted. The financial crisis has had a negative impact on the manufacturing activities and exports by manufacturers, including manufacturers and suppliers of pearl and jewelry products, which are our principal tenants. Current and potential tenants and purchasers of our units at China Pearls and Jewellery City and current and potential tenants of our units at Man Sang Industrial City may be increasingly affected by the economic crisis and, as a result, may be unable to sustain their business operations or make agreed upon rental or purchase payments for our units, all of which could lead to a reduction in demand and profit margins and delay in rental and purchase payments. Although, as of March 31, 2009 we had not experienced any material defaults or delinquencies by tenants of China Pearls and Jewellery City or Man Sang Industrial City, we cannot assure you that we will not experience material tenant defaults or delinquencies in the future.

PRC tax authorities may challenge the basis on which we pay our land appreciation tax obligations and our results of operations and cash flows may be affected.

Under PRC laws and regulations, PRC enterprises engaging in property development are subject to land appreciation tax, or LAT, which is levied by the local tax authorities. All taxable gains from the sale or transfer of land use rights, buildings and their attached facilities in the PRC are subject to LAT at progressive rates ranging from 30% to 60%. Provisioning for LAT requires our management to use a significant amount of judgment with respect to, among other things, the anticipated total proceeds to be derived from the sale or transfer of land use rights and buildings, the total appreciation of land value and various deductions to the LAT. If the LAT provisions we make are substantially lower than the actual LAT amounts assessed by the tax authorities in the future, our results of operations and cash flows will be materially and adversely affected.

Our principal stockholders have substantial control over Man Sang Nevada and can affect decisions made by our stockholders and, following the liquidation, will continue to have substantial control over Man Sang BVI

As of the record date, our principal stockholders, Mr. Cheng Chung Hing, Ricky, our President, Chairman and Chief Executive Officer and Mr. Cheng Tai Po, our Vice Chairman, beneficially owned approximately 3,437,501 outstanding shares of Man Sang Nevada common stock and 100,000 outstanding shares of Man Sang Nevada preferred stock, which together represent the votes of 6,628,726 shares of Man Sang Nevada common stock, or 69.2% of the total voting power of Man Sang Nevada common stock and Series A preferred stock. As a result, Mr. Cheng Chung Hing, Ricky and Mr. Cheng Tai Po have the requisite voting power to exert substantial influence over actions which require stockholder approval and generally to direct our affairs, including decisions regarding the election of directors, mergers, consolidations and the sale of all or substantially all of our assets and other significant corporate actions. This concentration of ownership may discourage, delay or prevent a change in control of our company, which could deprive our shareholders of an opportunity to receive a premium for their shares as part of a sale of our company and might reduce the price of our shares. These actions may be taken even if they are opposed by our other shareholders. Following the liquidation, the principal stockholders will continue to have the same level of control over Man Sang BVI and will be able to similarly affect decisions made by Man Sang BVI s shareholders. In addition, our principal stockholders have substantial interests in other market and trade centers in the PRC, although these market and trade centers are unrelated to the pearl and jewelery industry and therefore do

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not compete with our business. As a result of the above, the interests of our principal stockholders may differ with those of our other shareholders.

We rely on the experience, expertise and managerial and technical skills of our core management team

Our past success is largely attributable to the experience, expertise and managerial and technical skills of our core management team. In particular, Mr. Cheng Chung Hing, Ricky, our President, Chairman and Chief Executive Officer, and Mr. Cheng Tai Po, our Vice Chairman, each have over 25 years of experience in management and knowledge in the pearl and jewelry industry and over 10 years of experience in the property investment and development industry.

Mr. Cheng Chung Hing, Ricky and Mr. Cheng Tai Po are responsible for our overall management and the formulation of our corporate policies and business strategies. Our other executive officers and key personnel also possess substantial experience in business management and operations and in-depth industry knowledge and understanding and have made significant contributions to our business development. If one or more of the members of our core management team or our executive officers are unable or unwilling to continue in their present positions, we may not be able to replace them readily, if at all. Therefore, our business may be severely disrupted, and we may incur additional expenses to recruit and retain new members of our core management team or executive officers, in particular those with the in-depth industry knowledge and experience possessed by our current team. In addition, if any of our executive join a competitor or forms a competing company, we may lose some of our customers.

The price of our common stock may fluctuate significantly, which may result in losses for investors

The market price for the common stock has been volatile and the market price for the common stock may continue to be volatile. For example, during the period from April 1, 2008 to March 31, 2009, the closing prices of the common stock as reported on the NYSE Amex (formerly known as The American Stock Exchange) ranged from a high of US$8.2 per share on May 16, 2008 to a low of US$1.0 per share on March 9, 2009. We expect our stock price to be subject to fluctuations as a result of a variety of factors, including factors beyond our control. These factors include and are not necessarily limited to:

- actual or anticipated variations in operating results from guidance provided by us;
- announcements relating to strategic relationships or acquisitions;
- changes in financial estimates or other statements by securities analysts or research firms;
- changes in general economic conditions; and
- changes in the economic performance and/or market valuations of other competitors.

Because of this volatility, we may fail to meet the expectations of our stockholders or of securities analysts in the future, and our stock price could decline as a result.

A lack of effective internal control over financial reporting could result in an inability to accurately report our financial results, which could lead to a loss of investor confidence in our financial reports and have an adverse effect on our stock price

Effective internal controls are necessary for us to provide reliable financial reports. If we cannot provide reliable financial reports, our business and operating results could be harmed. We have in the past discovered deficiencies in our internal controls and, based on our evaluation of the effectiveness of our internal control over financial reporting as of the end of the fiscal year 2009, we identified a material weakness in our internal control over financial reporting as of March 31, 2009. For a description of this material weakness, see Management s Discussion and Analysis of Financial Condition and Results of Operations Internal Control Over Financial Reporting. In addition, we may in the future discover deficiencies in our internal controls. Evaluations of the effectiveness of our internal controls in the future may lead our management to determine that internal control over financial reporting is no longer effective. Such conclusions may result from our failure to implement controls for changes in our business, or deterioration in the degree of compliance with our policies or procedures. A failure to maintain effective internal control over financial reporting, including a failure to implement effective new controls to address changes in our business could result in a material misstatement of our consolidated financial statements or otherwise cause us to fail to meet our financial reporting obligations. This, in turn, could result in a loss of

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investor confidence in the accuracy and completeness of our financial reports, which could have an adverse effect on our stock price.

Risks Relating to Ownership of Man Sang BVI Ordinary Shares

Man Sang BVI is a British Virgin Islands company and, because legal precedent regarding the rights of shareholders is more limited under British Virgin Islands law than under United States law, following the liquidation our shareholders may have less protection for their shareholder rights than they currently do under Nevada law

Man Sang BVI s corporate affairs are governed by its amended and restated memorandum and articles of association, the BVI Companies Act and the common law of the British Virgin Islands. The rights of shareholders to take action against Man Sang BVI s directors, actions by minority shareholders and the fiduciary responsibilities of Man Sang BVI s directors to our company under British Virgin Islands law are to a large extent governed by the common law of the British Virgin Islands. The common law of the British Virgin Islands is derived in part from comparatively limited judicial precedent in the British Virgin Islands as well as that from English common law, which has persuasive, but not binding, authority on a court in the British Virgin Islands. The rights of Man Sang BVI shareholders and the fiduciary responsibilities of Man Sang BVI s directors under British Virgin Islands law are not as clearly established as they would be under statutes or judicial precedent in some jurisdictions in the United States, including Nevada. In particular, the British Virgin Islands has a less developed body of securities laws than the United States. In addition, Nevada, and other states of the United States, have more fully developed and judicially interpreted bodies of corporate law than the British Virgin Islands.

Examples of the significant differences between the provisions of the BVI Companies Act applicable to Man Sang BVI and the laws applicable to companies incorporated in Nevada and their shareholders include limitations under British Virgin Islands law on the ability to bring shareholders suits, including class actions and shareholder derivative actions, and reduced protections under British Virgin Islands law of the interests of minority shareholders.

As a result of all of the above, shareholders of Man Sang BVI, as shareholders of a British Virgin Islands company, may have more difficulty in protecting their interests in the face of actions taken by management, members of the board of directors or our principal stockholders than they would as shareholders of Man Sang Nevada, a Nevada incorporated company. For further information regarding the rights of Man Sang BVI shareholders and Man Sang Nevada common stockholders, see Comparison of Rights of Man Sang Nevada Stockholders and Man Sang BVI Shareholders beginning on page 110.

The enforcement of judgments in shareholder suits against Man Sang BVI may be more difficult

Because Man Sang BVI is a British Virgin Islands corporation, investors could experience more difficulty enforcing judgments obtained against Man Sang BVI in U.S. courts than would currently be the case for U.S. judgments obtained against Man Sang Nevada. In addition, it may be more difficult to bring some claims against Man Sang BVI in British Virgin Islands courts than it would be to bring similar claims against a U.S. company in a U.S. court.

The price of Man Sang BVI ordinary shares may fluctuate significantly, which may result in losses for investors

The market price for Man Sang Nevada common stock has been volatile and the market price for Man Sang BVI ordinary shares may continue to be volatile. We expect our stock price to be subject to fluctuations as a result of a variety of factors, including factors beyond our control. These factors include but are not necessarily limited to:

- actual or anticipated variations in operating results from guidance provided by us;

announcements relating to strategic relationships or acquisitions;

changes in financial estimates or other statements by securities analysts or research firms;

changes in general economic conditions; and

changes in the economic performance and/or market valuations of other competitors.

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Because of this volatility, we may fail to meet the expectations of our shareholders or of securities analysts in the future, and our stock price could decline as a result.

Man Sang BVI s amended and restated articles of association contain anti-takeover provisions that could have a material adverse effect on the rights of its ordinary shares

Man Sang BVI s amended and restated articles of association will become effective following their filing and registration with the BVI Registrar of Corporate Affairs and the filing of a Certificate of Dissolution with the Secretary of State of the State of Nevada by Man Sang Nevada. The new articles of association limit the ability of others to acquire control of our company or cause us to engage in change-of-control transactions. These provisions could have the effect of depriving our shareholders of an opportunity to sell their shares at a premium over prevailing market prices by discouraging third parties from seeking to obtain control of our company in a tender offer or similar transaction. For example, Man Sang BVI s board of directors has the authority, without further action by our shareholders, to issue additional preferred shares. If Man Sang BVI s board of directors decides to issues additional preferred shares within the number of the existing authorized preferred shares, the price of our ordinary shares may fall and the voting and other rights of the holders of Man Sang BVI ordinary shares may be materially adversely affected. The new articles of association also include a business combination provision, which is consistent with the provisions of the Nevada Revised Statutes governing interested shareholder transactions, and a provision requiring a supermajority vote of shareholders to remove directors without cause.

Risks Relating to the PRC and Hong Kong

Previous macroeconomic measures taken by the PRC government could have adverse economic consequences, and recent fiscal stimulus measures may not offset the decline in the rate of economic growth in the PRC

A portion of our assets are located in China and Hong Kong and a portion of our revenue is sourced from China and Hong Kong. Accordingly, our results of operations, financial condition and prospects are to a significant degree subject to economic, political and legal developments in China and Hong Kong. Previous macroeconomic measures taken by the PRC government to manage economic growth could have adverse economic consequences, and recent fiscal stimulus measures may not be successful in offsetting a decline in the rate of economic growth in the PRC.

In previous years, the PRC government has periodically taken measures to slow economic growth to a more manageable level, in response to concerns about China s historical high growth rate in industrial production, bank credit, fixed investment and money supply. These measures have included macroeconomic measures to control perceived overinvestment in the real property market. More recently, along with a decline in economic growth worldwide, the rate of growth of the PRC economy has slowed down. In 2008, China s real GDP grew by a rate of an estimated 9.8% as compared to a rate of 11.9% in 2007. In response to the global economic downturn, and a resulting slowdown in the PRC economy, the PRC government has adopted increasingly flexible macroeconomic policies, including an announced fiscal stimulus package, aimed at offsetting the slowdown brought by the financial crisis.

These policies include measures specifically designed to encourage development of the domestic real property market, which represents a reversal on policies implemented since 2003 designed to tighten control on the real property market. However, we cannot assure you that the PRC government s fiscal stimulus package will be successful in offsetting the slowdown brought by the economic downturn and deterioration in the global credit markets, or that restrictive measures already in place will not adversely affect our business.

Introduction of new laws or changes to existing laws by the PRC government may adversely affect our business

Our business and operations in the PRC are governed by the PRC legal system. The PRC legal system is a codified system with written laws, regulations, circulars, administrative directives and internal guidelines. The PRC government is still in the process of developing its legal system. As the PRC economy has traditionally developed at a faster pace than its legal system, a certain degree of uncertainty exists in connection with whether and how existing laws and regulations will apply to certain events or circumstances. Some of the laws and regulations, and the interpretation, implementation and enforcement thereof, are still at an experimental stage and are therefore subject to policy changes.

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Further, precedents on the interpretation, implementation and enforcement of the PRC laws and regulations are limited, and court decisions in the PRC do not have any binding effect on lower courts. Accordingly, the outcome of dispute resolution may not be as consistent or predictable as in other more developed jurisdictions and it may be difficult to obtain swift and equitable enforcement of the laws in the PRC, or to obtain enforcement of a judgment by a court or another jurisdiction.

Adverse changes in political and economic policies of the PRC government could have a material adverse effect on the overall economic growth of China, which could reduce the demand for our products and materially and adversely affect our competitive position

Our real estate operations are conducted in the PRC and some of our sales are made in China. Accordingly, our business, financial condition, results of operations and prospects are affected by economic, political and legal developments in the PRC. The Chinese economy differs from the economies of most developed countries in many respects, including:

- the amount of government involvement;
- the level of development;
- the growth rate;
- the control of foreign exchange; and
- the allocation of resources.

While the Chinese economy has grown significantly in the past 20 years, the growth has been uneven, both geographically and among various sectors of the economy. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures benefit the overall Chinese economy, but may also have a negative effect on us. For example, our financial condition and results of operations may be adversely affected by government control over capital investments or changes in tax regulations that are applicable to us.

The Chinese economy has been transitioning from a planned economy to a more market-oriented economy. Although in recent years the PRC government has implemented measures emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises, a substantial portion of the productive assets in China is still owned by the PRC government. The PRC government also exercises significant control over Chinese economic growth through the allocation of resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies.

Fluctuation in the value of the Renminbi may have a material adverse effect on your investment

The change in value of the Renminbi against the U.S. dollar, Euro and other currencies is affected by, among other things, changes in China s political and economic conditions. On July 21, 2005, the PRC government changed its decade-old policy of pegging the value of the Renminbi to the U.S. dollar. Under the new policy, the Renminbi is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. On May 18, 2007, China s central bank announced that it would allow Renminbi to fluctuate more during each day s foreign exchange rate trading. These changes in policy have resulted in an approximately 15.8% appreciation of Renminbi against the U.S. dollar between July 22, 2005 and July 24, 2009. While the international reaction to the Renminbi revaluation has generally been positive, there remains significant international pressure on the PRC government to adopt an even more flexible currency policy, which could result in a further and more significant appreciation of the Renminbi against the U.S. dollar. As a portion of our costs and expenses is denominated in Renminbi, the revaluation in July 2005 and potential future adjustment or revaluation have increased and could further increase our costs in U.S. dollar terms. In addition, as we rely partially on dividends paid to us by certain of our subsidiaries in the PRC, any significant adjustment or revaluation of the Renminbi may have a material adverse effect on our revenues and financial condition, and the value of, and any dividends payable on, our ordinary shares. For example, to the extent that we need to convert U.S. dollars we receive from our overseas sales into Renminbi for our operations in the PRC, appreciation of the Renminbi against the U.S. dollar would have an adverse effect on the Renminbi amount we receive from the conversion. Conversely, if we decide to convert our Renminbi into U.S. dollars for the purpose of making payments for dividends on our ordinary shares or for other business purposes, appreciation of the U.S. dollar against the Renminbi would have a negative effect on the U.S. dollar amount available to us.

Restrictions on currency exchange may limit our ability to receive and use our revenues effectively

Certain portions of our revenues and expenses are denominated in Renminbi. If our revenues denominated in Renminbi increase or expenses denominated in Renminbi decrease in the future, we may need to convert a portion of our revenues into other currencies to meet our foreign currency obligations, including, among others, payment of dividends declared, if any, in respect of our ordinary shares. Under China s existing foreign exchange regulations, our PRC subsidiaries are able to pay dividends in foreign currencies without prior approval from the State Administration of Foreign Exchange by complying with certain procedural requirements. However, the PRC government could take further measures in the future to restrict access to foreign currencies for current account transactions.

Foreign exchange transactions by our PRC subsidiaries under capital accounts continue to be subject to significant foreign exchange controls and require the approval of, or registration with, PRC governmental authorities. In particular, if our PRC subsidiaries borrow foreign currency loans from us or other foreign lenders, these loans must be registered with the State Administration of Foreign Exchange, and if we finance our PRC subsidiaries by means of additional capital contributions, these capital contributions must be approved by certain government authorities including the Ministry of Commerce or its local counterparts. These limitations could affect the ability of our PRC subsidiaries to obtain foreign exchange through debt or equity financing.

We are a holding company and rely on dividends paid by our subsidiaries for our funding requirements

We conduct all of our operations through our operating subsidiaries. Most of our assets are held by, and substantially all of our earnings and cash flows are attributable to our operating subsidiaries. The ability of our operating subsidiaries to pay dividends depends on business considerations and regulatory restrictions, including cash flow, articles of association of these companies and shareholders agreements to which they are parties. We cannot assure you that our operating subsidiaries will generate sufficient earnings and cash flows to pay dividends or otherwise distribute sufficient funds to enable us to declare dividends.

In addition, the ability of our subsidiaries in the PRC to pay dividends to their shareholders is subject to the requirements of PRC law. PRC regulations permit payment of dividends out of accumulated profits as determined in accordance with PRC accounting standards and regulations. Dividends may not be paid until cumulative prior years losses are made up. As a result, if our subsidiaries in the PRC incur losses, such losses may impair their ability to pay dividends or other distributions to us, which would restrict our ability to distribute dividends and to service our indebtedness. Our PRC subsidiaries are required to make monthly contributions to the social security plan maintained for their employees, consisting of pension benefits, personal injury insurance and medical and unemployment benefits. In addition, each of our PRC subsidiaries is also required to set aside at least 10% of its after-tax profits based on PRC accounting standards each year to its statutory surplus reserve fund until the cumulative amount of such fund reaches 50% of its registered capital.

Any future outbreak of Severe Acute Respiratory Syndrome, avian influenza, influenza A H1N1 or any other epidemic may adversely affect our operational results

In the first half of 2003, certain regions of Asia, including China, encountered an outbreak of Severe Acute Respiratory Syndrome, or SARS, a highly contagious form of atypical pneumonia. There have also been media reports regarding the spread of the H5N1 virus, or avian influenza, among birds and in particular poultry, as well as some isolated cases in countries outside Hong Kong and China of transmission of the virus to humans. Further, the World Health Organization in June 2009 raised its pandemic alert level to phase 6, its highest level, in response to an outbreak of influenza A caused by the H1N1 virus that originated in Mexico, which resulted in a number of confirmed cases worldwide. If an outbreak of SARS, avian influenza, influenza A H1N1 or any other epidemic occurs in the future and any of our employees or customers are suspected of having contracted SARS, avian influenza, influenza A H1N1 or any other epidemic, we may be required to quarantine certain employees suspected of infection, as well as others that have come into contact with these employees. Furthermore, such an outbreak would likely restrict the level of economic activity in affected areas, which would also adversely affect our business operations.

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CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This proxy statement/prospectus contains certain forward-looking statements. Generally, the words expects, anticipates, targets, goals, projects, intends, plans, believes, seeks, estimates, variations of such word expressions identify forward-looking statements and any statements regarding the benefits of the liquidation, or Man Sang BVI s or Man Sang Nevada s future financial condition, results of operations and business are also forward-looking statements. The forward-looking statements are contained principally in the sections entitled Risk Factors, The Liquidation, Business Description and Management s Discussion and Analysis of Financial Condition a Results of Operations.

These forward-looking statements involve a number of risks and uncertainties, many of which are beyond our control, and reflect business decisions that are subject to change. Factors that could cause actual results to differ materially from those contemplated by the forward-looking statements include, among others, the following factors:

- our ability to consummate the liquidation;
- our ability to realize the expected benefits of the liquidation and the change of our place of incorporation within the expected time frame, or at all;
- costs or difficulties related to the liquidation, the change of our place of incorporation and related transactions, which could be greater than expected;
- the availability, terms and cost of funding for our operations and development projects;
- difficulties and delays in obtaining regulatory approvals for the liquidation;
- potential difficulties in meeting conditions set forth in the agreement and plan of liquidation;
- the tax treatment of the liquidation;
- the accounting treatment of the liquidation;
- materially adverse changes in international economic, market and political conditions, especially in Europe and the United States and elsewhere where our customers are located, which would reduce discretionary spending on luxury goods;
- exposure to the credit risk of our customers;
- our ability to attract and retain employees;
- the level and volatility of equity prices, commodity prices and interest rates, currency values (especially any change to the current pegging of the Hong Kong dollar to the U.S. dollar at the rate of US$1.00 to HK$7.8, or any substantial adverse change in the exchange rate between the Renminbi and the Hong Kong dollar or U.S. dollar), investments and other market indices;
- materially adverse changes in customer preferences for pearls as against other gems and other precious stones and metals;

our ability to obtain a stable supply of pearls in the quantities, of the quality, and on the terms required by us;

materially adverse changes in the taxes imposed on our operating subsidiaries in the PRC;

materially adverse changes in climate and environmental conditions in the regions where we source pearls;

materially adverse changes in the real estate markets in the PRC and Hong Kong;

the actions and initiatives of current and potential competitors;

the impact of current, pending and future legislation, regulation and regulatory and legal actions;

unforeseen catastrophic events;

existing and future litigation; and

compliance with applicable laws, including environmental, health and safety laws.

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Your should consider these important factors in evaluating any forward-looking statements in this proxy statement/prospectus or otherwise made by us or on our behalf. We urge you to read the entire proxy statement/prospectus for a more complete discussion of the factors that could affect the liquidation, the change of our place of incorporation and our future performance. In light of these risks, uncertainties and assumptions, the events described or suggested by the forward-looking statements in this proxy statement/prospectus may not occur.

Except as required by law or applicable stock exchange rules or regulations, we undertake no obligation to update or revise publicly any forward-looking statement, whether as a result of new information, future events or otherwise.

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EXCHANGE RATE INFORMATION

The Hong Kong dollar is freely convertible into other currencies, including the U.S. dollar. Since 1983, the Hong Kong dollar has been generally linked to the U.S. dollar at the rate of HK$7.80 to US$1.00. Under existing Hong Kong law, (1) there are no foreign exchange controls or other laws, decrees or regulations that affect the remittance of dividend payments to U.S. residents and (2) there are no limitations on the rights of non-residents or foreign owners to hold Man Sang BVI ordinary or preferred shares. The Basic Law of Hong Kong, or the Basic Law, which came into effect on July 1, 1997, provides that no foreign exchange control policies shall be applied in Hong Kong.

The market exchange rate of the Hong Kong dollar against the U.S. dollar continues to be determined by supply and demand in the foreign exchange market. However, against the background of the fixed rate system which applies to the issuance and withdrawal of Hong Kong currency in circulation, the market exchange rate has not deviated significantly from the level of HK$7.80 to US$1.00. The Hong Kong government has indicated its intention to maintain the link at that rate. Under the Basic Law, the Hong Kong dollar will continue to circulate and remain freely convertible. The Hong Kong government has also stated that it has no intention of imposing exchange controls in Hong Kong and that the Hong Kong dollar will remain freely convertible into other currencies, including the U.S. dollar.

On May 18, 2005, the Hong Kong Monetary Authority announced the introduction of certain refinements to the operation of the linked exchange rate system. These refinements effectively set the market exchange rate of the Hong Kong dollar against the U.S. dollar within a fixed trading range from HK$7.75 to HK$7.85 against US$1.00. However, we cannot assure you that the Hong Kong government will maintain the linked exchange rate system within the range of HK$7.75 to HK$7.85, or at all.

The following table sets forth the exchange rate for U.S. dollars in New York City for cable transfers in Hong Kong dollars as certified for customs purposes by the Federal Reserve Bank of New York for the periods indicated:

	Exchange Rate (HK$ per US$)			
	Period End	**High**	**Average**[1]	**Low**
Last Five Fiscal Years				
Fiscal Year Ended March 31, 2005	7.7990	7.8010	7.7935	7.7698
Fiscal Year Ended March 31, 2006	7.7597	7.7995	7.7652	7.7506
Fiscal Year Ended March 31, 2007	7.8137	7.8177	7.7817	7.7510
Fiscal Year Ended March 31, 2008	7.7819	7.8289	7.7946	7.7497
Fiscal Year Ended March 31, 2009	7.7500	7.8159	7.7731	7.7497
Last Six Months				
January 2009	7.7544	7.7618	7.7563	7.7504
February 2009	7.7551	7.7551	7.7534	7.7511
March 2009	7.7500	7.7593	7.7530	7.7497
April 2009	7.7500	7.7508	7.7501	7.7495
May 2009	7.7519	7.7526	7.7510	7.7500
June 2009	7.7500	7.7516	7.7505	7.7499
July 2009 (through July 24)	7.7500	7.7505	7.7500	7.7495

(1) For the years indicated, the average exchange rates are determined by averaging the exchange rates on the last business day of each month during the relevant period. For the months indicated, the average exchange rates are determined by averaging the exchange rates on each day of the month.

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MARKET PRICE FOR MAN SANG NEVADA COMMON STOCK, DIVIDENDS AND OTHER MATTERS

Market Price

Man Sang Nevada s common stock has been listed on the NYSE Amex under the symbol MHJ since August 8, 2005. Man Sang Nevada s common stock was previously reported on the Over-The-Counter (OTC) Electronic Bulletin Board from 1987 to 2005 under the symbol MSHI.OB.

There is currently no public market for the Man Sang BVI ordinary shares. We intend to apply to list the Man Sang BVI ordinary shares on the NYSE Amex under the same symbol used by Man Sang Nevada, MHJ, effective upon the liquidation. The preferred shares of Man Sang BVI will remain unlisted.

The following table sets forth, for the periods indicated, the high and low sales prices for Man Sang Nevada s common stock on the NYSE Amex.

	Over the Quarter		On the Last Day of Quarter	
	High	Low	High	Low
		US$		
2009				
First Quarter (April-June, 2008)	8.35	5.50	6.90	6.17
Second Quarter (July-September, 2008)	6.50	2.62	3.49	2.80
Third Quarter (October-December, 2008)	3.48	1.10	1.46	1.43
Fourth Quarter (January-March, 2009)	1.92	0.96	1.92	1.68
2008				
First Quarter (April-June, 2007)	9.34	5.62	8.88	8.38
Second Quarter (July-September, 2007)	15.95	6.92	12.91	12.05
Third Quarter (October-December, 2007)	16.46	8.06	9.83	8.80
Fourth Quarter (January-March, 2008)	9.00	5.30	6.90	5.90
2007				
First Quarter (April-June, 2006)	5.89	4.75	5.08	4.85
Second Quarter (July-September, 2006)	5.10	3.52	4.24	3.91
Third Quarter (October-December, 2006)	5.45	3.95	4.90	4.80
Fourth Quarter (January-March, 2007)	6.93	4.50	6.19	5.95

On July 23, 2009, the last trading day before the public announcement of the liquidation, the closing price per Man Sang Nevada share on the NYSE Amex was US$2.13, and the high and low sales prices were US$2.43 and US$2.13. On July 31, 2009, the closing sale price on the NYSE Amex was US$2.31.

Dividends

On June 28, 2007, we declared a return of capital in the amount of US$1,595,642 (US$0.25 per share of Man Sang Nevada common stock) to our stockholders of record on July 24, 2007. We did not pay cash dividends in fiscal years 2007 and 2008. Any future determination to pay cash dividends will be at the discretion of our board of directors and will depend upon our financial condition, operating results, capital requirements, any applicable contractual restrictions and such other factors as our board of directors deems relevant. Cash dividends, if any, on the ordinary shares of Man Sang BVI will be paid in U.S. dollars.

Man Sang BVI is a holding company incorporated in the British Virgin Islands, and will rely principally on dividends, loans or advances paid to it by its subsidiaries incorporated in China for its cash requirements, including the funds necessary to pay dividends and other cash distributions to its shareholders, service any debt it may incur and pay its operating expenses. PRC law restricts the ability of our subsidiaries incorporated in the PRC to transfer funds to us in the form of cash dividends, loans or advances. PRC regulations currently permit payment of dividends only out of accumulated profits as determined in accordance with PRC accounting standards and regulations. In addition, under current PRC laws, regulations and accounting standards, each PRC subsidiary is required to allocate at least 10% of its after-tax profit based on PRC accounting standards to its general reserves each year until the cumulative amount of these reserves reaches 50% of its registered capital. These reserves are not distributable as cash dividends. As of March 31, 2009, these general reserves amounted to RMB10,555,000 (HK$12,057,000). Further, at the discretion of their boards of directors, the PRC subsidiaries may allocate a portion of their after-tax profits to their employee welfare and bonus funds, which may not be distributed to us. These restrictions have not historically had, and are not expected in the future to have, a material impact on our ability to meet our financial requirements.

Any dividends paid by a PRC subsidiary to an immediate holding company that is incorporated in Hong Kong will be subject to a withholding tax at the rate of 5%, provided the Hong Kong incorporated subsidiary is not considered to be a PRC tax resident enterprise.

If we are considered a PRC tax resident enterprise for tax purposes, any dividends we pay to our overseas shareholders may be regarded as China-sourced income and as a result may be subject to PRC withholding tax at a rate of up to 10%.

Stockholders

The number of record holders of Man Sang Nevada s common stock as of July 27, 2009 was approximately 166. This number does not include an indeterminate number of stockholders whose shares are held by brokers in street name.

Common Stock

Man Sang Nevada has 6,382,582 shares of common stock issued at US$0.001 par value per share, all of which were issued and outstanding as of the date of this proxy statement/prospectus.

Preferred Stock

Man Sang Nevada has 100,000 shares of Series A preferred stock at US$0.001 par value per share with a liquidation preference of US$25.00 per share, all of which were issued and outstanding as of the date of this proxy statement/prospectus.

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THE LIQUIDATION

The following is a description of the material aspects of the liquidation. While we believe that the following description covers the material terms of the liquidation, the description may not contain all of the information that is important to you. We encourage you to carefully read this entire proxy statement/prospectus, including the agreement and plan of liquidation attached to this proxy statement/prospectus as Annex A for a more complete understanding of the liquidation.

Structure of the Liquidation

The board of directors of Man Sang Nevada has unanimously approved and recommends that you approve the dissolution and liquidation of Man Sang Nevada and the adoption of the agreement and plan of liquidation which will effectively change our place of incorporation from Nevada to the British Virgin Islands by dissolving and liquidating Man Sang Nevada. The terms and conditions of the liquidation are set forth in the agreement and plan of liquidation attached as Annex A to this proxy statement/prospectus.

In the liquidation, following payment of, or providing for the payment of its liabilities and obligations, Man Sang Nevada will distribute the Assets to its stockholders on a share-for-share basis. Man Sang Nevada is a holding company without any operations. As of the date of this proxy statement/prospectus, its assets consist of its shareholdings in Man Sang BVI and its liabilities and obligations consist of (1) the costs incurred in connection with the dissolution and liquidation, which we estimate will be approximately US$800,000, and (2) U.S. federal income tax arising from the deemed disposal of its shareholdings in Man Sang BVI.

The Man Sang BVI ordinary shares to be received in the liquidation will be quoted on the NYSE Amex under the symbol MHJ. The Man Sang BVI preferred shares to be received in the liquidation will not be quoted on the NYSE Amex.

After completion of the liquidation, (1) Man Sang BVI and its subsidiaries will continue to conduct the business conducted by Man Sang Nevada and its subsidiaries, (2) Man Sang BVI ordinary shares will replace Man Sang Nevada common stock on the NYSE Amex, (3) all current officers and directors of Man Sang Nevada will maintain equivalent positions within Man Sang BVI and (4) Man Sang BVI will contractually assume all rights, title, obligations and liabilities of Man Sang Nevada. Although the liquidation will result in the elimination of Man Sang Nevada as the holding company of our group, the number of Man Sang BVI ordinary shares and preferred shares that you will own will be the same as the number of shares of Man Sang Nevada common stock and preferred stock you own immediately prior to the completion of the liquidation, and your relative economic ownership and voting rights in our company will remain unchanged.

The liquidation will involve the following steps:

1. Man Sang Nevada, as sole stockholder of Man Sang BVI, will approve an amended and restated memorandum and articles of association of Man Sang BVI, which may differ in certain material respects from the current restated certificate of incorporation, as amended, and the restated bylaws of Man Sang Nevada, because of differences in the corporate laws of Nevada and the British Virgin Islands.

2. The existing directors of Man Sang BVI, who currently also serve as directors of Man Sang Nevada, will appoint the officers of Man Sang Nevada to serve in equivalent positions with Man Sang BVI.

3. Man Sang BVI ordinary shares and preferred shares will register under the Securities Act and Man Sang BVI ordinary shares will register under the Exchange Act, in each case with the SEC.

4. The officers of Man Sang Nevada will file a Certificate of Dissolution with the Secretary of State of the State of Nevada, and Man Sang Nevada will be dissolved pursuant thereto.

5. Upon the filing of the Certificate of Dissolution, Man Sang Nevada common stock will be de-listed from the NYSE Amex and de-registered under the Exchange Act with the SEC and Man Sang BVI ordinary shares will be listed on the NYSE Amex under the symbol MHJ. The preferred shares of Man Sang BVI will remained unlisted.

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6. In accordance with the Nevada Revised Statutes, the directors of Man Sang Nevada are required to collect the assets, settle the affairs and collect the outstanding debts of Man Sang Nevada, and to pay or make adequate provision for payment of, Man Sang Nevada s liabilities and obligations. As of the date of this proxy statement/prospectus, (1) Man Sang Nevada s assets consist entirely of its shareholdings in Man Sang BVI; (2) Man Sang Nevada has no outstanding debts; (3) Man Sang Nevada s liabilities and obligations include (a) the costs incurred in connection with the dissolution and liquidation, which we estimate will be approximately US$800,000, and (b) provision for U.S. federal income tax arising from the deemed disposal of its shareholdings in Man Sang BVI. The settlement of affairs of Man Sang Nevada, which will be conducted by the directors of Man Sang Nevada, includes the actions discussed above as well as the distribution of Man Sang Nevada s assets to its stockholders in order to complete the dissolution and liquidation in accordance with the Nevada Revised Statutes.

7. Man Sang Nevada will then distribute its property and assets, which consist entirely of Man Sang BVI ordinary shares and preferred shares, to its stockholders on a share-for-share basis, rendering its stockholders the direct shareholders of Man Sang BVI.

8. During the final stage of the liquidation, Man Sang BVI will contractually assume all of Man Sang Nevada s rights, obligations and liabilities.

Background and Reasons for the Liquidation

General

Our business operations, assets and employees are located exclusively outside of the United States. As a result, we have decided to change our place of incorporation from Nevada to the British Virgin Islands through the dissolution and liquidation of Man Sang Nevada. Our board of directors considered two primary alternatives to effect the change of our place of incorporation. One alternative was a reverse triangular merger with a Nevada subsidiary of a newly established Hong Kong company. This alternative would have resulted in Man Sang Nevada changing its domicile from Nevada to Hong Kong with Man Sang Nevada surviving and continuing to exist as a subsidiary of the newly established Hong Kong company. The other alternative, being the dissolution and liquidation of Man Sang Nevada, was selected because the dissolution and liquidation structure was easier to implement, more cost-effective and provided greater certainty with respect to U.S. federal income tax consequences. For further information on U.S. federal tax consequences of the dissolution and liquidation, see Material Tax Consequences Material United States Federal Income Tax Consequences.

We believe that the dissolution and liquidation of Man Sang Nevada will allow us to realize a variety of potential business, financial and strategic benefits. In particular, the board of directors of Man Sang Nevada is recommending the dissolution and liquidation of Man Sang Nevada because it should permit us to:

- simplify our corporate structure. Man Sang Nevada has no meaningful business or assets other than its equity interest in Man Sang BVI, which is also a holding company. The board of directors of Man Sang Nevada believes that the elimination of the two-tiered holding company structure will reduce administrative expenses by eliminating duplicative costs associated with maintaining both Man Sang Nevada and Man Sang BVI;

- reduce our SEC reporting requirements and related expenses because Man Sang BVI would be a foreign private issuer;

- enhance our cash flow by reducing our worldwide effective tax rate. Any improvement in our cash flow should help us to implement our business strategy more effectively;

facilitate tax savings through a more flexible corporate structure. However, the amount of taxes we will pay will depend in part on our treatment by the taxing authorities in the jurisdictions in which we operate;

enhance our business growth prospects by attracting investment from non-U.S. investors. Based on our experience, certain PRC investors and potential strategic partners are less willing to invest in Man Sang Nevada primarily as a result of our status as a United States incorporated company and the attendant tax

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implications associated with such an investment, including primarily withholding taxes payable by such investors under the United States federal tax regime; and

better position ourselves for merger and acquisition opportunities with non-U.S. strategic partners.

In addition, the British Virgin Islands:

is a business center, which exhibits political, economic and regulatory stability;

has an effective judicial system with a tradition of respecting the rule of law;

has a well-developed financial and regulatory environment;

has a favorable tax system and is party to reliable tax treaties;

does not have exchange control or currency restrictions; and

has wide availability of professional and support services.

We believe these benefits should enhance shareholder value. Accordingly, the boards of directors of Man Sang Nevada and Man Sang BVI approved the dissolution and liquidation of Man Sang Nevada and the adoption of the agreement and plan of liquidation. However, we cannot predict what impact, if any, the change of our place of incorporation will have in the long term since the achievement of our objectives depends on many factors, including, among other factors, future tax and other laws and regulations, as well as the development of our business, some of which are outside our control. We discuss some of these expected benefits in greater detail below.

Expected Tax Benefits

Because our business operations are located exclusively outside of the United States, the dissolution and liquidation of Man Sang Nevada is expected to reduce or eliminate our income tax liability in the United States and to align our income tax liabilities with the location of our business activities. We believe that the liquidation may improve our ability to maintain a competitive worldwide effective corporate tax rate and permit greater flexibility in structuring acquisitions or creating subsidiaries in China and other countries as our business expands.

Effect on Business Strategy

The liquidation should help enhance our cash flow and investor base. We believe that the liquidation should improve our cash flow position to enable us to implement our business strategy more effectively, including developing higher-growth product lines and acquiring higher-growth businesses as well as attracting non-U.S. investors, particularly in the PRC.

Potential Expansion of Investor Base

We believe that the liquidation may increase Man Sang BVI s attractiveness to non-U.S. investors. Distributions with respect to stock in a U.S. corporation to non-resident aliens can be subject to withholding taxes under the Internal Revenue Code. In addition, estate taxes are payable in some cases in respect of the value of shares in a U.S. corporation owned by a non-U.S. investor. As Man Sang BVI should be a non-U.S. corporation following the liquidation, these taxes will generally not apply to non-U.S. investors. As a result, non-U.S. investors may be more receptive to an investment in Man Sang BVI ordinary shares.

SECTION 7874 OF THE INTERNAL REVENUE CODE, IF APPLICABLE TO THE LIQUIDATION, COULD LIMIT THE ABOVE BENEFITS. WE ENCOURAGE YOU TO READ THE SECTION ENTITLED MATERIAL TAX CONSEQUENCES ON PAGE 101 FOR A MORE DETAILED DESCRIPTION OF THE TAX CONSEQUENCES OF THE LIQUIDATION.

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Negative Effects of the Liquidation

There are a number of negative effects of the dissolution and liquidation. Examples of such negative effects include:

Taxable Nature of the Transaction

We expect that the dissolution and liquidation of Man Sang Nevada will have the following negative tax consequences:

For U.S. federal income tax purposes, as a result of the liquidation, U.S. shareholders will recognize gain or loss equal to the difference, if any, between the fair market value of the Man Sang BVI shares received in the liquidation and the holder s adjusted tax basis in the holder s shares of Man Sang Nevada exchanged therefor.

Man Sang Nevada will recognize gain for U.S. federal income tax purposes on the distribution of the shares of Man Sang BVI to its shareholders as if the shares had been sold to the distributee at fair market value.

Expenses of the Transaction

Costs incurred in connection with the dissolution and liquidation of Man Sang Nevada are estimated to be approximately US$800,000 and will be expensed as incurred.

Reduced Reporting Requirements

As a foreign private issuer, Man Sang BVI s reporting requirements will be limited to filing or furnishing with the SEC (1) an annual report on Form 20-F within six months after the end of each fiscal year prior to its fiscal year ending March 31, 2012, and within four months after the end of each fiscal year thereafter and (2) reports on Form 6-K with respect to any material information which is required to be publicly disclosed in the British Virgin Islands or regarding information distributed or required to be distributed by Man Sang BVI to its shareholders. In addition, Man Sang BVI will also furnish reports to the SEC on Form 6-K with respect to the interim reports filed by Man Sang International Limited for the first six months of Man Sang International Limited s financial year, not later than three months after the end of this six-month period, as required by the listing rules of The Stock Exchange of Hong Kong Limited. For further information on the reduced requirements of Man Sang BVI, see Comparison of Rights of Man Sang Nevada Stockholders and Man Sang BVI Shareholders Reporting Requirements.

Certain Differences between Nevada and British Virgin Islands Corporate Law

Significant differences between the provisions of the BVI Companies Act applicable to Man Sang BVI and the Nevada Revised Statutes applicable to Man Sang Nevada include limitations under British Virgin Islands law on the ability to bring shareholders suits, including class action and shareholder derivative actions, and reduced protections under British Virgin Islands law of the interests of minority shareholders.

For further information on the differences between Nevada and British Virgin Islands corporate law, see Comparison of Rights of Man Sang Nevada Stockholders and Man Sang BVI Shareholders Reporting Requirements and for further information on the risks relating to ownership of Man Sang BVI Shares, see, Risk Factors Risks Relating to Ownership of Man Sang BVI Ordinary Shares Man Sang BVI is a British Virgin Islands company and, because legal precedent regarding the rights of shareholders is more limited under British Virgin Islands law than under United States law, following the liquidation our shareholders may have less protection for their shareholder rights than they currently do under Nevada law.

Potential Risks

The liquidation will expose us and you to certain risks. For a discussion of risk factors associated with the liquidation, please see the discussion under Risk Factors. There are also differences between Nevada law and British Virgin Islands law and the organizational documents of Man Sang Nevada and Man Sang BVI. For a discussion of the major differences, please see Comparison of Rights of Man Sang Nevada Stockholders and Man Sang BVI Shareholders.

Recommendation of the Man Sang Nevada Board of Directors

The Man Sang Nevada board of directors has unanimously determined that the dissolution and liquidation of Man Sang Nevada and the agreement and plan of liquidation is advisable and the transactions contemplated by the agreement and plan of liquidation are in the best interests of Man Sang Nevada and its shareholders, and has unanimously approved by written consent the dissolution and liquidation of Man Sang Nevada and the adoption of the agreement and plan of liquidation and the transactions contemplated by the agreement and plan of liquidation.

The board of directors has considered the potential risks of the dissolution and liquidation of Man Sang Nevada and the differences between Nevada and British Virgin Islands corporate law that may affect the rights of shareholders. For example, under British Virgin Islands law, a shareholder may face greater difficulty in bringing a derivative action on behalf of the company to enforce the rights of the company, as compared with Nevada law. Furthermore, British Virgin Islands law does not regulate transactions between a company and its significant shareholders (other than to provide that such transactions must be entered into bona fide in the best interests of the company), removing a statutory layer of protection otherwise available to minority shareholders under Nevada law.

The amended and restated memorandum and articles of association of Man Sang BVI have been designed to replicate, to the extent reasonably practicable and legally permissible, the rights currently attendant to Man Sang Nevada common stock and preferred stock. For further discussion of the differences between Nevada and British Virgin Islands corporate law and a comparison of rights of Man Sang Nevada stockholders and Man Sang BVI shareholders, see Comparison of Rights of Man Sang Nevada Stockholders and Man Sang BVI Shareholders on page 110.

The board of directors also considered the reporting requirements of Man Sang BVI as a foreign private issuer. In particular, Man Sang BVI will not be required to file quarterly financial statements on Form 10-Q under the Exchange Act, will be exempt from the SEC s proxy rules, which impose certain disclosure and procedural requirements for proxy solicitations and will not be required to comply with Regulation FD, which addresses certain restrictions on the selective disclosure of material information. However, Man Sang BVI will file an annual report on Form 20-F and will be subject to the mandates of the Sarbanes-Oxley Act applicable to foreign private issuers as well as the disclosure requirements of NYSE Amex. See Comparison of Rights of Man Sang Nevada Stockholders and Man Sang BVI Shareholders Reporting Requirements on page 130.

The board of directors also considered that the directors of Man Sang Nevada have interests in the liquidation and have arrangements that are different from, or in addition to, those of Man Sang Nevada stockholders generally. These interests include: (1) continuation of service as directors of Man Sang BVI; and (2) a reduction in dividend withholding tax with respect to any future issuance of dividends by Man Sang BVI on shares of Man Sang BVI owned by such directors and executive officers after the liquidation of Man Sang Nevada. For further discussion of the interests of directors of Man Sang Nevada in the Liquidation, see Interests of the Directors and Executive Officers of Man Sang Nevada in the Liquidation on page 42.

The board of directors of Man Sang Nevada has considered each of the potential risks, negative effects and potential conflicts of interest associated with the dissolution and liquidation of Man Sang Nevada and balanced these against the potential advantages, which primarily include (1) the reduction of administrative expenses associated with maintaining both Man Sang Nevada and Man Sang BVI, including higher SEC compliance costs applicable to Man Sang Nevada as a domestic issuer; and (2) the increased attractiveness of Man Sang BVI, as a British Virgin Islands incorporated entity, as opposed to Man Sang Nevada, as a Nevada incorporated entity, to certain PRC investors and potential strategic partners.

Having determined that the potential advantages of the liquidation outweigh the risks and differences outlined above, the board of directors of Man Sang Nevada has unanimously approved the dissolution and liquidation of Man Sang Nevada and the adoption of the agreement and plan of liquidation and recommends that stockholders vote FOR the dissolution and liquidation of Man Sang Nevada and the adoption of the agreement and plan of liquidation. However, no assurances can be given that the anticipated benefits of the liquidation will be realized.

The Agreement and Plan of Liquidation

Man Sang Nevada and Man Sang BVI have entered into the agreement and plan of liquidation, which is the legal document that governs the liquidation. We recommend that you carefully read the complete agreement and plan of liquidation for the precise legal terms of the liquidation and other information that may be important to you. The agreement and plan of liquidation is attached to this proxy statement/prospectus as Annex A and is incorporated into this document by reference.

Conditions to Complete the Liquidation

The liquidation will not be completed unless, among other things, the following conditions are satisfied or, if allowed by law, waived:

Shareholder Approvals Obtained. Approval by the shareholders of Man Sang Nevada stockholders and Man Sang BVI shareholders have been obtained;

Registration Statement Declared Effective. This proxy statement/prospectus filed has been declared effective by the SEC under the Securities Act and the Exchange Act and is not the subject of any stop order or proceedings or similar actions threatened or initiated by the SEC and not concluded or withdrawn;

NYSE Amex Approval. The NYSE Amex has confirmed that Man Sang BVI ordinary shares to be distributed pursuant to the liquidation in connection with the transactions contemplated thereto have been approved for listing on the NYSE Amex, subject to official notice of issuance and other customary conditions, and may trade on the NYSE Amex and succeed to the ticker symbol MHJ;

Hart-Scott-Rodino Act. Any applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder relating to the Liquidation have expired or been terminated.

Receipt of Tax Opinion. Man Sang Nevada and Man Sang BVI have received an opinion from PricewaterhouseCoopers Limited to the effect that the liquidation constitutes a complete liquidation for federal income tax purposes within the meaning of Section 331 of the Internal Revenue Code;

Covenants and Other Agreements. Man Sang Nevada and Man Sang BVI each have performed in all material respects their respective covenants and agreements contained in the agreement and plan of liquidation required to be performed at or prior to the effective time of the liquidation;

Governmental, Regulatory and Other Material Third-Party Consents. All filings required to be made with, and all material consents, approvals, permits and authorizations required to be obtained prior to the effective time of the liquidation from, any court or governmental or regulatory authority, or other person, have been made or obtained and are in force; and

No Injunctions or Restraints. No temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the liquidation have been entered or enforced or continue to be in effect.

We are parties to certain agreements that may require the consent of third parties prior to the implementation of the liquidation. We believe that we will obtain all material consents required prior to the completion of the liquidation and that the failure to obtain any other consents will not have a material impact on our business or our ability to complete the liquidation.

Effective Time

The effective time of the liquidation, which we refer to in this proxy statement/prospectus as the effective time, will occur when Man Sang Nevada distributes the Assets to the stockholders of Man Sang Nevada or at such other time and date as Man Sang Nevada and Man Sang BVI shall agree.

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Termination of the Agreement and Plan of Liquidation

The agreement and plan of liquidation may be terminated and the liquidation abandoned at any time prior to the filing of a Certificate of Dissolution with the Secretary of State of the State of Nevada, whether before or after the approval of stockholders, by action of the board of directors of Man Sang Nevada or Man Sang BVI, as follows: (1) by Man Sang Nevada or Man Sang BVI if the transaction has not been consummated by December 31, 2009, or (2) by either Man Sang Nevada or Man Sang BVI if any material change in (i)(a) the price of Man Sang Nevada s common stock on the NYSE Amex; (b) the value of Man Sang BVI s ordinary shares; or (c) the price of Man Sang International Limited s ordinary shares on the Stock Exchange of Hong Kong Limited or (ii) any new or amended regulation, order, decree, judgment, interpretation or ruling issued by a governmental entity would render the transaction unadvisable or otherwise impracticable in the judgment of the directors of Man Sang Nevada or Man Sang BVI.

In the event of termination of the agreement and plan of liquidation, the agreement and plan of liquidation will become void and have no effect, without any liability or obligation on the part of Man Sang Nevada or Man Sang BVI, except as otherwise provided for in the agreement.

The agreement and plan of liquidation may be amended by Man Sang Nevada or Man Sang BVI at any time before or after the approval of stockholders/shareholders of Man Sang Nevada and Man Sang BVI and before the filing of the Certificate of Dissolution with the Secretary of State of the State of Nevada; *provided*, however, that after any such approvals and absent the additional approval of stockholders of Man Sang Nevada and Man Sang BVI, there may be no amendment that alters or changes any terms or conditions of the agreement and plan of liquidation if the alterations or changes would adversely affect the stockholders of Man Sang Nevada or Man Sang BVI.

At any time prior to the effective time of the liquidation, Man Sang Nevada and Man Sang BVI may waive compliance by the other party with respect to any of the agreements or conditions contained in the agreement and plan of liquidation, other than shareholder approval. Any agreement on the part of Man Sang Nevada or Man Sang BVI to any waiver will be valid only if set forth in an instrument in writing signed on behalf of such party. The failure of either Man Sang Nevada or Man Sang BVI to assert their rights under the agreement and plan of liquidation shall not constitute a waiver of these rights.

In order to be effective, the termination of the agreement and plan of liquidation and abandonment of the liquidation requires action by the board of directors of Man Sang Nevada or Man Sang BVI. In order to be effective, an amendment of the agreement and plan of liquidation requires action by the boards of directors of Man Sang Nevada and Man Sang BVI and, if applicable, stockholder approval. In order to be effective, a waiver by either party requires action by the board of directors of the other party approving the waiver.

Liquidation Preference

Pursuant to a liquidation preference set forth in Man Sang Nevada s restated certificate of incorporation, amended and restated bylaws and amended Certificate of Designation, Preferences and Rights of the Man Sang Nevada Series A Preferred Stock, in the event of any dissolution, liquidation or winding up of the affairs of Man Sang Nevada, whether voluntary or involuntary, Man Sang Nevada preferred stockholders are entitled to be paid first out of the assets of Man Sang Nevada available for distribution to holders of Man Sang Nevada s capital stock of all classes a liquidation preference in an amount equal to US$25 per share of Man Sang Nevada preferred stock before any distribution of assets. If the assets of Man Sang Nevada are insufficient to permit the payment in full to Man Sang Nevada preferred stockholders of these amounts, then the entire assets of Man Sang Nevada available for distribution to holders of Man Sang Nevada s capital stock will be distributed ratably among the Man Sang Nevada preferred stockholders in proportion to the full preferential amount to which each preferred stockholder is otherwise entitled.

In this regard, Man Sang Nevada preferred stockholders have entered into a letter agreement with Man Sang Nevada pursuant to which they have agreed that their receipt of a pro-rata portion of the Man Sang BVI preferred shares with an equivalent liquidation preference constitutes payment in full of their rights to the assets of Man Sang Nevada in the liquidation and they have agreed to waive any and all other rights and preferences in relation to the

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assets of Man Sang Nevada to which they are otherwise entitled. The terms and conditions of the agreement between Man Sang Nevada and the Man Sang Nevada preferred shareholders are set forth in the letter agreement attached as Annex C to this proxy statement/prospectus.

Share Conversion

Prior to the liquidation, a distribution agent will be appointed by us for the purpose of exchanging Man Sang Nevada common and preferred stock for Man Sang BVI ordinary and preferred shares. The distribution agent will mail to each holder of record of Man Sang Nevada common and preferred stock a letter of transmittal for use in effecting delivery of certificates representing these shares to the distribution agent.

Upon surrender of a certificate representing Man Sang Nevada common and preferred stock for cancellation to the distribution agent together with a duly executed letter of transmittal, the holder will be entitled to receive in exchange the whole number of Man Sang BVI ordinary and preferred shares that the Man Sang Nevada stockholder has the right to receive pursuant to the agreement and plan of liquidation. Pursuant to the agreement and plan of liquidation, holders of shares of Man Sang Nevada common stock will receive 6,382,582 Man Sang BVI ordinary shares and holders of shares of Man Sang Nevada preferred stock will receive 100,000 Man Sang BVI preferred shares, on a share-for-share basis in cancellation of the Man Sang Nevada common stock and preferred stock. If you surrender a Man Sang Nevada stock certificate and request the new Man Sang BVI securities to be issued in a name other than the one appearing on the surrendered certificate, you must endorse the stock certificate or otherwise prepare it to be in proper form for transfer.

Man Sang Nevada certificates that are surrendered will be cancelled. No interest will be paid or accrued on any amount payable upon surrender of stock certificates. No holder of unsurrendered certificates will receive any dividends or other distributions with respect Man Sang BVI ordinary shares to which the holder is entitled under the liquidation agreement until the Man Sang Nevada certificate registered to the holder is surrendered to the distribution agent.

You should not send your Man Sang Nevada Stock Certificates to the distribution agent until you have received transmittal materials from the distribution agent. Do not return Man Sang Nevada Stock Certificates with the enclosed proxy statement/prospectus.

Management of Man Sang BVI

When the liquidation is completed, all of the directors and all of the executive officers of Man Sang Nevada will become directors and executive officers of Man Sang BVI and the current directors of Man Sang Nevada will carry over their remaining terms of office to Man Sang BVI.

Required Corporate Approval of the Liquidation

Under Section 78.580 of the Nevada Revised Statutes, approval of Man Sang Nevada s board of directors and the affirmative vote of a majority of the outstanding shares of Man Sang Nevada capital stock entitled to vote voting at a meeting at which a quorum is present, in person or by proxy, is required to approve the dissolution and liquidation of Man Sang Nevada and the adoption of the agreement and plan of liquidation.

Vote Required

The dissolution and the liquidation requires the affirmative vote of holders representing a majority of the outstanding shares of common stock and Series A preferred stock entitled to vote. On the record date, the principal stockholders owned 3,437,501 outstanding shares of Man Sang Nevada common stock and 100,000 outstanding shares of Man Sang Nevada preferred stock, which together represent the votes of 6,628,726 shares of Man Sang Nevada common stock, or 69.2% of the total voting power of Man Sang Nevada common stock and Series A preferred stock. The principal stockholders have agreed to vote their shares in favor of the dissolution and liquidation of Man Sang Nevada and the adoption of the agreement and plan of liquidation. The principal stockholders own sufficient shares of our common stock and preferred stock to approve the dissolution and liquidation of Man Sang Nevada and the adoption of the agreement and plan of liquidation. We do not believe that the interests of the principal stockholders, or their affiliates differ from those of other stockholders or our company in connection with the change of our place of incorporation. However, we cannot anticipate whether, or in what form, any differing interests may arise in the future. Conflicts between the principal stockholders and minority stockholders may arise with respect to, among other things, Man Sang BVI s strategic direction and significant corporate transactions, conflicts related to corporate opportunities that could be pursued by our company on the one hand, or by the principal stockholders, on the other hand, or other contractual relationships between us and the principal stockholders or their affiliates.

Rights of Dissenting Shareholders

Under Nevada law, you will not have dissenters rights in connection with the dissolution and liquidation because, among other reasons, neither the Nevada Revised Statutes, the articles of incorporation, the bylaws, nor a resolution of the board of directors grants dissenters rights for this corporate action.

Interests of the Directors and Executive Officers of Man Sang Nevada in the Liquidation

When considering the recommendation of the Man Sang Nevada board of directors, Man Sang Nevada stockholders should be aware that the directors and officers of Man Sang Nevada have interests in the liquidation and have arrangements that are different from, or in addition to, those of Man Sang Nevada stockholders generally. The Man Sang Nevada board of directors were aware of these interests and considered them, among other factors, in approving the dissolution and liquidation of Man Sang Nevada, the adoption of the agreement and plan of liquidation and the transactions contemplated by the agreement and plan of liquidation.

Continuation as Directors and Executive Officers of Man Sang BVI

All of Man Sang Nevada s current board of directors comprise the current board of directors of Man Sang BVI. The existing directors of Man Sang BVI will appoint the officers of Man Sang Nevada to serve in equivalent positions with Man Sang BVI after the effective time of the liquidation.

Man Sang Nevada Stock Beneficially Owned by Executive Officers and Directors.

At the close of business on the record date, Mr. Cheng Chung Hing, Ricky, the President, Chief Executive and Chairman of the board of directors, and Mr. Cheng Tai Po, Vice Chairman of the board of directors beneficially owned in the aggregate approximately 3,437,501 of the outstanding shares of Man Sang Nevada common stock and 100,000 of the outstanding shares of Man Sang Nevada Series A preferred stock, collectively representing the votes of 6,628,726 shares of Man Sang Nevada common stock, or 69.2% of the total outstanding voting power of Man Sang Nevada on that date. Mr. Cheng Chung Hing, Ricky, and Mr. Cheng Tai Po have agreed to vote all of the shares of Man Sang Nevada common and preferred stock owned of record by them at the Man Sang Nevada special meeting in favor of the approval of the dissolution and liquidation of Man Sang Nevada and the adoption of the agreement and plan of liquidation.

Employment Agreements with Executive Officers

Each of our executive officers, with the exception of Mr. Pak Wai Keung, Martin, has entered into a fixed-term three year service agreement with our Hong Kong Stock Exchange listed subsidiary, Man Sang International Limited. Mr. Pak Wai Keung, Martin has entered into an open term service agreement with our subsidiary Man Sang Jewellery Company Limited. Pursuant to our executive officers service agreements in fiscal year 2008, our executive officers were entitled to total annual compensation of between HK$1,846,104 and HK$5,322,564 (approximately US$236,680 to US$682,380). Under their service agreements, our executive officers are also entitled to an annual discretionary bonus based on their respective performance and the performance of our company. Certain executive officers are also entitled to other benefits, including but not limited to the use of residential property and motor vehicles owned by us, as well as membership in local clubs and associations. Either party may terminate these service agreements without cause upon two to three months notice (two months notice with respect to Mr. Pak Wai Keung, Martin s service agreement) or payment in lieu of notice. In the event of such termination, our executive officers will not be entitled to claim any other compensation from us or our subsidiary

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Man Sang International Limited in respect of such termination except where the board of directors otherwise agrees. In addition, pursuant to these service agreements, our executive officers have undertaken not to disclose any trade secrets or confidential information concerning our business, finances or transactions to outside parties and not to compete with us or solicit our employees, suppliers or customers.

Participation in Preparation of Transaction Documents

Mr. Cheng Chung Hing, Ricky and Mr. Cheng Tai Po, and other directors and executive officers of Man Sang Nevada, participated in the preparation of the agreement and plan of liquidation, this proxy statement/prospectus and other documents relating to the liquidation.

Director and Officer Indemnification

The agreement and plan of liquidation provides that Man Sang BVI will continue to indemnify and hold harmless all of our officers and directors to the extent allowed under applicable law and in accordance with its amended and restated articles of association in respect of acts or omissions of such officers and directors occurring at or prior to the effective time of the liquidation. In addition, Man Sang BVI will obtain and maintain in effect for each of the these officers and directors, for six years from the effective time of the liquidation, policies of directors and officers liability insurance of at least the same coverage as the current policies of directors and officers liability insurance maintained by Man Sang Nevada with respect to claims arising from facts or events that occurred on or before the effective time of the liquidation.

Reduction in Dividend Withholding Tax

Each of Man Sang Nevada s current board of directors and executive officers is not a resident or a citizen of the United States, and, as a result, will experience a reduction in dividend withholding tax with respect to any future issuance of dividends by Man Sang BVI on shares of Man Sang BVI owned by such directors and executive officers after the liquidation of Man Sang Nevada.

Stock Compensation Plans

At or promptly after the effective time of the liquidation, Man Sang BVI intends to adopt a new stock option plan to replace a 2007 stock option plan adopted by Man Sang Nevada. As of the date of this proxy statement/prospectus, no options have been issued under this plan. The new stock option plan will be subject to the approval by the shareholders of Man Sang BVI at an extraordinary general meeting. The terms and conditions of the new stock option plan will be substantially similar to the terms and conditions of the Man Sang Nevada 2007 stock option plan.

The Man Sang Nevada 2007 stock option plan will be terminated as of the effective time of the liquidation.

Stock Exchange Listing

We have made application so that, immediately following the liquidation, Man Sang BVI ordinary shares will be listed on the NYSE Amex under the symbol MHJ, the symbol under which Man Sang Nevada common stock is currently listed. Man Sang BVI preferred shares, which are held only by Cafoong Limited, which is owned by Cheng Chung Hing, Ricky and Cheng Tai Po, will be registered with the Securities and Exchange Commission but will not be publicly traded.

Market Price

On July 23, 2009, the last trading day before the public announcement of the liquidation, the closing price per Man Sang Nevada share on the NYSE Amex was US$2.13, and the high and low sales prices were US$2.43 and US$2.13.

Accounting Treatment of the Liquidation

Upon completion of the dissolution and liquidation, Man Sang Nevada will distribute the Assets, which consist of Man Sang BVI ordinary shares and Man Sang BVI preferred shares, to its stockholders on a share-for-share basis.

Subject to material tax considerations, the liquidation will not result in changes in our historical consolidated carrying amount of assets, liabilities and shareholders equity.

Voting Agreement

Concurrently with the execution of the agreement and plan of liquidation, the principal stockholders, who, as of the date of execution of the agreement and plan of liquidation, owned approximately 3,437,501 outstanding shares of Man Sang Nevada common stock and 100,000 outstanding shares of Man Sang Nevada preferred stock, which together represent the votes of 6,628,726 shares of Man Sang Nevada common stock, or 69.2% of the total voting power of Man Sang Nevada common stock and Series A preferred stock entered into a voting agreement with Man Sang Nevada and agreed, among other things, to take specified actions in furtherance of the liquidation.

A copy of the voting agreement is attached to this proxy statement/prospectus as Annex B. The principal stockholders own sufficient shares of Man Sang Nevada common stock and preferred stock to approve the dissolution and liquidation of Man Sang Nevada and the adoption of the agreement and plan of liquidation. If the agreement and plan of liquidation is terminated, in accordance with its terms (other than a termination resulting from a breach of the voting agreement), the voting agreement will automatically terminate.

Regulatory Matters

We do not expect that the dissolution and liquidation of Man Sang Nevada will be subject to any United States or foreign regulatory requirements other than the filing of the registration statement on Form F-4, of which this proxy statement/prospectus forms a part, with the SEC, and the filing of certain documents with the Secretary of State of the State of Nevada.

Letter Agreement and Waiver

The Man Sang Nevada preferred stockholders have entered into a letter agreement with Man Sang Nevada pursuant to which they have agreed that their receipt of a pro rata portion of the Man Sang BVI preferred shares with an equivalent liquidation preference constitutes payment in full of their rights to the assets of Man Sang Nevada in the liquidation and they agreed to waive any and all other rights and preferences in relation to the assets of Man Sang Nevada to which they are otherwise entitled. The terms and conditions of the agreement between Man Sang Nevada and the Man Sang Nevada preferred shareholders are set forth in the letter agreement attached as Annex C to this proxy statement/prospectus.

Restrictions on Sales of Man Sang BVI Shares Received in the Liquidation and the Affiliate Letter

The Man Sang BVI ordinary shares and preferred shares to be distributed in connection with the liquidation will be registered under the Securities Act and will be freely transferable, except for Man Sang BVI ordinary shares and preferred shares distributed to any person who is deemed to be an affiliate of Man Sang Nevada prior to the liquidation. Persons who may be deemed affiliates of Man Sang Nevada prior to the liquidation include individuals or entities that control, are controlled by, or are under common control of Man Sang Nevada prior to the liquidation, and may include officers and directors, as well as principal stockholders of Man Sang Nevada prior to the liquidation.

Persons who may be deemed to be affiliates of Man Sang Nevada prior to the liquidation may not sell any of the Man Sang BVI ordinary shares or preferred shares received by them in connection with the liquidation except pursuant to:

- an effective registration statement under the Securities Act covering the resale of those shares;

an exemption under the volume and other limitations of Rule 144 or 145 under the Securities Act; or

any other applicable exemption under the Securities Act.

Man Sang BVI s registration statement on Form F-4, of which this proxy statement/prospectus forms a part, does not cover the resale of Man Sang BVI ordinary shares and preferred shares to be received in connection with the liquidation by persons who may be deemed to be affiliates of Man Sang BVI prior to the liquidation.

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Man Sang Nevada has agreed, as promptly as practicable on or following the date of the signing of the agreement and plan of liquidation, to provide to Man Sang BVI a list of names and addresses of all persons who were in the reasonable judgment of Man Sang Nevada, affiliates (within the meaning of Rule 145 of the rules and regulations promulgated under the Securities Act) of Man Sang Nevada. Man Sang Nevada has further agreed to use its reasonable best efforts to deliver to Man Sang BVI, prior to the effective time, an affiliate letter executed by each of the persons identified as possible affiliates and any person who will, to the knowledge of Man Sang Nevada, become an affiliate of Man Sang Nevada subsequent to the delivery of the initial list to Man Sang BVI from each such person agreeing, among other things to abide by certain transfer restrictions pursuant to Rule 145. Under the affiliate letters, such persons acknowledge the resale restrictions on the Man Sang BVI shares to be received by them in the liquidation imposed by Rule 145 under the Securities Act. In accordance with the affiliate letters, Man Sang BVI will be entitled to place appropriate legends on any share certificates evidencing the Man Sang BVI shares received by these Man Sang Nevada stockholders in the liquidation. The form of affiliate letter is attached as Exhibit A to the agreement and plan of liquidation, which is attached to this proxy statement/prospectus as Annex A and you are urged to read it in its entirety.

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MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

In this section, the words we, us and our generally refer to Man Sang Nevada and its subsidiaries, which include Man Sang BVI.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our audited consolidated financial statements and related notes included elsewhere in this proxy statement/prospectus. Some of the information contained in this discussion and analysis constitutes forward-looking statements that involve risks and uncertainties. Actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and elsewhere in this proxy statement/prospectus, particular those under Cautionary Statement Concerning Forward-Looking Statements and Risk Factors.

Unless otherwise specified, references to Notes to the audited consolidated financial statements are to the Notes to our audited consolidated financial statements as of and for the years ended March 31, 2009, 2008 and 2007.

Overview

We have two main business segments. One business segment is engaged in the purchase, processing, assembling, merchandising and wholesale distribution of pearls and jewelry products and the other is engaged in real estate development and real estate leasing. Net sales in fiscal year 2009 decreased by HK$300.6 million, or 47.4% from HK$633.7 million for fiscal year 2008, consisting of HK$405.4 million attributable to pearl operations and HK$228.2 million attributable to real estate sales, to net sales of HK$333.1 million in fiscal year 2009, consisting of HK$316.7 million attributable to pearl operations and HK$16.4 million attributable to real estate sales.

Gross profit decreased by HK$166.4 million, or 59.1% from HK$281.5 million for fiscal year 2008, consisting of HK$124.5 million attributable to pearl operations and HK$157.0 million attributable to real estate sales, to HK$115.1 million for fiscal year 2009, consisting of HK$102.8 million attributable to pearl operations and HK$12.3 million attributable to real estate operations.

We incurred a net loss of HK$11.1 million for fiscal year 2009, as compared to net income of HK$39.9 million for fiscal year 2008.

The dissolution and liquidation of Man Sang Nevada and the adoption of the agreement and plan of liquidation will effectively change our place of incorporation from Nevada to the British Virgin Islands. Upon the dissolution and liquidation, Man Sang BVI and its subsidiaries will continue to conduct the business conducted by Man Sang Nevada and its subsidiaries. Although the dissolution and liquidation will result in the elimination of Man Sang Nevada as the holding company of our group, the dissolution and liquidation should have no material impact on our financial condition or operating results, other than the costs incurred in connection with the dissolution and liquidation and U.S. federal income tax arising from the deemed disposal of its shareholdings in Man Sang BVI.

Pearl Operations

Economic conditions have recently deteriorated significantly in many countries and regions, including the markets in which we conduct our pearl operations, and may remain depressed for the foreseeable future. If unfavorable economic conditions continue to challenge the consumer environment, our business, results of operations, financial condition and cash flows could be adversely affected. Our pearl operations in Europe have exhibited a relatively strong performance during the fiscal year ended 2009. However, we do not expect to maintain these performance levels in the short-term due to the recent deterioration of economic conditions. As a result, we are in the process of adopting more conservative policies, including shortening the credit terms we provide to our customers and closely monitoring our customer s payment history, to ensure that we maintain adequate liquidity to fund our operations. Our pearl operations are geographically diverse and we believe we are well-positioned to react to deteriorating global market conditions.

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Real Estate Operations

Conditions in the PRC real estate market have deteriorated significantly. The deterioration was largely due to macroeconomic policies and austerity measures implemented by the PRC government with respect to the PRC real estate market, as well as a material downturn in the global financial market, which has resulted in tightened monetary policy in the PRC and worldwide. As the economic crisis deepened in the United States and Europe, the PRC government launched and announced various financial stimulus plans to limit the impact on the domestic economy. These plans include: elimination of barriers to access credit for businesses; support for small and medium-sized enterprises; the promotion of additional lending by China s three policy banks (China Development Bank, China Export and Import Bank and China Agricultural Development Bank); reductions in housing down payment requirements and cuts in mortgage rates to promote the residential property market; and exemptions on real estate sales tax to certain homeowners. We believe that the property industry as a whole will benefit from such plans.

Our management remains optimistic about the medium- and long-term development of the property market in China. While we recognize that an unbalanced supply-demand relationship may persist in the property market, we believe that demand in the property market is driven by several long term trends in the PRC, such as increasing incomes, a growing population, a growing middle class, continued urbanization and a desire for improved living conditions. We believe that challenges to the property market in China are cyclical in nature and that such challenges can be met with sound management and appropriate business and marketing strategies. We have attempted to meet these challenges with a continued emphasis on enhancing operating efficiency, improving the quality of our products and strictly controlling the development costs associated with China Pearls and Jewellery City.

Future Trends

The PRC economy continued its growth in 2008, continuing a pattern of double-digit or near double-digit growth in gross domestic product, or GDP, over the past five years. According to the National Bureau of Statistics of China, the growth of the PRC s GDP decreased by 4%, from 13% in 2007 to 9% in 2008. The growth of the PRC s GDP decreased further, to 6.1%, for the first quarter of 2009, as, among other factors, the spreading financial crisis lowered foreign demand for Chinese goods. The financial crisis, if it continues, may further slow future economic growth in the PRC.

Recent disruptions in global financial markets and banking systems due to the financial crisis have also made credit and capital markets more difficult for companies to access. Continuing volatility in the credit and capital markets could potentially impair our and our customers ability to access these markets and increase associated costs. In addition, the recent turmoil in the financial markets may have an adverse effect on customer spending patterns. A recessionary economic cycle, higher interest rates, higher fuel and other energy costs, inflation, increases in commodity prices, higher levels of unemployment, higher consumer debt levels, higher tax rates and other changes in tax laws or other economic factors could adversely affect consumer demand for the products we sell and properties we sell and lease, which could adversely affect our results of operations.

We believe that the majority of markets where we operate will be negatively affected by the financial crisis through the first half of fiscal year 2010. We will continue to monitor the effects of the financial crisis in the markets where we operate and to adopt the appropriate business and financial management policies to ensure that we are able to further develop our market share in our core markets.

According to the National Bureau of Statistics of China, China s overall national inflation rate, as represented by the general consumer price index, was approximately 5.9%, 4.8% and 1.5% in 2008, 2007 and 2006, respectively. Increases in inflation affect our financial performance by increasing certain of our operating expenses including labor costs, leases, and selling and general administrative expenses. Although increases in inflation have not had a material impact on our operations in the past, if such increases continue, they may have an adverse effect on our operations in the future. However, the latest inflation rate announced in March 2009 for the first quarter of 2009, as compared to the same period of 2008, was negative 0.6%. A period of prolonged deflationary pressures could have a negative effect on our net sales, the price of our goods and the gross profit margin of our products, which could adversely affect our results of operations.

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State Council Fiscal Stimulus Measures

In response to the current global economic downturn and corresponding decline in the rate of growth of the PRC economy, the PRC government has adopted increasingly flexible macroeconomic policies, including an announced fiscal stimulus package, aimed at offsetting the slowdown brought on by the global economic downturn and deterioration in the global credit markets. These policies include measures specifically designed to encourage development of the domestic property market. This represents a reversal of policies implemented since 2003 which were designed to control perceived overinvestment in the real property market. Beginning in November 2008, the State Council has announced a series of measures to stimulate the economy. These include the following:

On November 9, 2008, the State Council announced a RMB4 trillion (US$584 billion) economic stimulus plan, RMB120 billion (US$17.5 billion) of which was to be spent by year-end. On November 10, 2008, the State Council announced a value-added tax reform, shifting the basis from production to consumption, and effectively reducing the value-added tax rates, effective January 1, 2009.

On November 26, 2008, the State Council announced six policies for economic stimulus, including plans to support the rail, auto, shipbuilding, logistics, petrochemical, light industry, textile, nonferrous metals, equipment manufacturing, and electronics and information technology industries.

On December 3, 2008, the State Council announced an additional RMB100 billion (US$14.6 billion) of lending by PRC policy banks prior to year-end.

On December 13, 2008, the State Council announced 30 measures to support the financial industry, including raising China s total money supply by 17% in 2009.

On December 21, 2008, the State Council announced an exemption on real estate sales taxes to homeowners selling homes after an ownership period of two years, lowered from a previous minimum of five years.

In March 2009, the State Council and the Central Committee of the Communist Party of China announced a healthcare reform plan to increase the accessibility of healthcare, healthcare coverage and the availability of medicines, and to spend an additional RMB850 billion (US$124 billion) from 2009 to 2011 on the healthcare industry.

Critical Accounting Policies and Estimates

Management s discussion and analysis of results of operations and financial condition are based upon our consolidated financial statements. These statements have been prepared in accordance with U.S. GAAP. These principles require management to make certain estimates and assumptions that affect amounts reported and disclosed in the financial statements and related notes. The most significant estimates and assumptions include valuation of inventories, provisions for income taxes and uncollectible accounts, the recoverability of non-consolidated investments and long-lived assets. Actual results could differ from these estimates. Periodically, we review all significant estimates and assumptions affecting the financial statements and records the effect of any necessary adjustments.

The following critical accounting policies rely upon assumptions and estimates that were used in the preparation of our consolidated financial statements:

Allowance for doubtful accounts

We maintain an allowance for doubtful accounts based on estimates of the credit-worthiness of our customers and probable losses inherent in the account receivable balance. We determine the allowance based on our knowledge of troubled accounts, historical experience and other currently available sources of information. If the financial condition of our customers deteriorates, resulting in an impairment of their ability to make payments, additional allowances may be required. If the troubled accounts are collected or there is evidence that indicates the conditions leading to an impairment of their ability to make payments no longer exists, the allowance required is then reduced. Accordingly, the resulting change in the allowance for doubtful accounts is recognized in the income statement.

Inventories write-downs

We write down the amount by which the cost of inventories (determined by the weighted average method) exceeds their estimated market values based on assumptions about future demand and market conditions. If actual market conditions are less favorable than those projected by management, additional inventory write-downs may be required.

Goodwill Impairment Policy

In accordance with SFAS No. 142, Goodwill and Other Intangible Assets (SFAS 142), we review the carrying amount of our recorded goodwill annually or in interim periods if circumstances indicate a potential impairment. The impairment review is performed at the reporting unit level, which is one level below an operating segment. The goodwill impairment test is a two-step process and requires management to make certain judgments in determining what assumptions to use in the calculation. The first step in the process consists of estimating the fair value of each reporting unit based on a discounted cash flow model using revenue and profit forecasts. Management then compares its estimate of the fair value of the reporting unit with the reporting unit s carrying amount, which includes goodwill. If the estimated fair value is less than the carrying amount, an additional step is performed that compares the implied fair value of the reporting unit s goodwill with the carrying amount of the goodwill. The determination of a reporting unit s implied fair value of the goodwill requires management to allocate the estimated fair value of the reporting unit to the assets and liabilities of the reporting unit. Any unallocated fair value represents the implied fair value of the goodwill. To the extent that the carrying amount of the goodwill exceeds its implied fair value, an impairment loss is recorded in the period of identification

Long-lived assets

We periodically evaluate the carrying value of long-lived assets to be held and used, including real estate investment, whenever events and circumstances indicate that the carrying value of the asset may no longer be recoverable. An impairment loss, measured based on the fair value of the asset, is recognized if expected future undiscounted cash flows are less than the carrying amount of the assets.

Real estate investment

Leasehold land and buildings held for investment are stated at cost. Costs include the costs of the purchase of the land and construction costs, including finance costs incurred during the construction period. Depreciation of land and buildings is computed using the straight-line method over the term of the underlying lease of the land on which the buildings are located up to a maximum of 50 years.

Completed properties held for sale

Completed properties held for sale are inventories of real estate held for sale. Completed properties held for sale are stated at the lower of cost or market value.

Revenue recognition

We recognize revenue at the time products are shipped to customers and collectability for sales is reasonably assured. We recognize gains on sales of real estate pursuant to the provisions of Statement of Financial Accounting Standards, or SFAS, No. 66 Accounting for Sales of Real Estate. The specific timing of a sale is measured against various criteria in SFAS No. 66 related to the terms of the transaction and any continuing involvement in the form of management or financial assistance associated with the property. Profit on real estate sales transactions are not recognized by the full accrual method until all of the following criteria are met: (a) a sale is consummated; (b) the buyer s initial and continuing investments are adequate to demonstrate a commitment to pay for the property; (c) the seller s receivable is not subject to future subordination and (d) the seller has transferred to the buyer the usual risks and rewards of ownership in a transaction that is in substance a sale and does not have a substantial continuing involvement with the property. If the sales criteria are not met, we defer gain recognition and accounts for the continued operations of the property by applying the deposit, finance, installment or cost recovery methods, as

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appropriate. Property rental income is recognized on a straight-line basis over the term of the lease, and is stated at the gross amount.

Sales with leaseback transactions

During the year ended March 31, 2008, we sold a total of 209 properties from phase one of China Pearls and Jewellery City to independent third parties. Net proceeds from these sales were HK$228.2 million. Concurrent with these sales, we entered into an arrangement to lease the properties back from the independent third parties over lease terms of three to five years. We accounted for these leases as operating leases. No gain on the sales of the properties was deferred as the transactions met the criteria for a minor leaseback in accordance with SFAS No. 28 Accounting for Sales with Leasebacks.

Non-consolidated investments

An adverse change in market conditions or poor operating results of underlying investments could result in losses or an inability to recover the carrying value of the investments (which we determine by referring to the operating results of, and the return generated from, such investments), thereby possibly requiring an impairment charge.

Marketable securities

We classify marketable securities as available-for-sale and carry them at market value with a corresponding recognition of net unrealized holding gain or loss (net of tax) as a separate component of stockholders equity until realized. We review marketable securities impairments in accordance with SFAS No. 115, Accounting for Certain Investments in Debt and Equity Securities, and related guidance issued by the Financial Accounting Standards Board, or FASB, and SEC in order to determine the classification of the impairment as temporary or other-than-temporary. A temporary impairment charge results in an unrealized loss being recorded in the other comprehensive income (loss) component of stockholders equity. Such an unrealized loss does not affect net income (loss) for the applicable accounting period. An other-than-temporary impairment charge is recorded as a realized loss in the statement of operations and reduces net income (loss) for the applicable accounting period. In evaluating the impairment of marketable securities, we classified such impairment as temporary. If our assessment of the fair value in future periods is other than temporary, we will record an impairment charge through our income statement.

Allowances for Deferred Income Tax Assets

Tax benefits arising from deductible temporary differences, unused tax credits and net operating loss carry forwards are recognized as deferred tax assets. We record a valuation allowance to reduce our deferred income tax assets to an amount that we believe will more likely than not be realized. We have considered future taxable income and ongoing prudent and feasible tax planning strategies in assessing the need and amount for the valuation allowance. In the event we were to determine that we would be able to realize our deferred income tax assets in the future in excess of our net recorded amount, an adjustment to our deferred income tax assets would increase income in the period such determination was made. Alternatively, should we determine that we would not be able to realize all or part of our net deferred income tax assets in the future, an adjustment to our deferred income tax assets would decrease income in the period such determination was made.

Recent Accounting Pronouncements

In January 2009, the FASB, issued FASB Staff Position, or FSP, No. EITF 99-20-1, Amendments to the Impairment Guidance of EITF Issue No. 99-20 (FSP No. EITF 99-20-1). This FSP provides additional guidance with respect to how entities determine whether an other-than-temporary impairment (OTTI) exists for certain beneficial interests in a securitized transaction, such as asset-backed securities and mortgage-backed securities, that (1) do not have a high quality rating or (2) can be contractually prepaid or otherwise settled such that the holder would not recover substantially all of its investment. FSP No. EITF 99-20-1 amended EITF Issue No. 99-20 to more closely align its OTTI guidance with that of SFAS No. 115, Accounting for Certain Investment in Debt and Equity Securities. This FSP had no material impact on such classifications.

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In December 2008, the FASB issued FSP FAS 140-4 and Financial Interpretations 46(R)-8, *Disclosures by Public Entities (Enterprises) about Transfers of Financial Assets and Interest is in Variable Interest Entities.* This disclosure-only FSP improves the transparency of transfers of financial assets and an enterprise s involvement with variable interest entities, including qualifying special-purpose entities. This FSP is effective for the first reporting period (interim or annual) ending after December 15, 2008, with earlier application encouraged. The adoption of FSP FAS 140-4 and FIN 46(R)-8 did not have a material impact on our condensed consolidated financial statements.

In October 2008, the FASB issued FSP No. FAS 157-3, *Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active.* FSP No. FAS 157-3 provides examples to illustrate key considerations in determining the fair value of a financial asset when the market for that financial asset is not active. FSP No. FAS 157-3 was effective upon issuance and did not have a material impact on our company s consolidated financial statements.

In June 2008, the FASB issued FSP Emerging Issues Task Force No. 03-6-1, *Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities.* This new standard requires that non-vested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents be treated as participating securities in the computation of earnings per share pursuant to the two-class method. FSP EITF 03-6-1 will be applied retrospectively to all periods presented for fiscal years beginning after December 15, 2008. Our company is currently assessing the impact that FSP Emerging Issues Task Force No. 03-6-1 will have on our consolidated financial statements and results of operations for the share-based payment programs currently in place.

In May 2008, the FASB issued SFAS No. 162, *The Hierarchy of Generally Accepted Accounting Principles,* which is intended to improve financial reporting by identifying a consistent framework or hierarchy for selecting accounting principles to be used in preparing financial statements that are presented in conformity with GAAP for nongovernmental entities. SFAS No. 162 is effective 60 days following the SEC s approval of the Public Company Accounting Oversight Board amendment to AU Section 411, The Meaning of Present Fairly in Conformity with Generally Accepted Accounting Principles. We do not expect adoption of SFAS No. 162 to have a material impact on our consolidated financial statements.

In April 2008, the FASB issued FSP No. FAS 142-3, *Determination of the Useful Life of Intangible Assets*. This FSP amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS No. 142, *Goodwill and Other Intangible Assets*. This FSP allows us to use our historical experience in renewing or extending the useful life of intangible assets. This FSP is effective for fiscal years beginning after December 15, 2008 and interim periods within those fiscal years and shall be applied prospectively to intangible assets acquired after the effective date. We do not expect the application of this FSP to have a material impact on our consolidated financial statements.

In March 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133,* which requires enhanced disclosures for derivative and hedging activities. SFAS 161 will become effective beginning with our first quarter of 2009. Early adoption is permitted. We have not adopted the standard and do not expect the adoption of SFAS No. 161 to have a material impact on our consolidated financial statements.

Internal Control Over Financial Reporting

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of the end of the fiscal year 2009 based on the framework issued by the Committee of Sponsoring Organizations of the

Treadway Commission (COSO) using the criteria in *Internal-Control Integrated Framework.* In order to assist our management to evaluate the effectiveness of our internal control over financial reporting, we engaged an independent registered public accounting firm to perform our internal control review and assessment. Based on this evaluation, we identified a material weakness in our internal control over financial reporting as of March 31, 2009.

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A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of a company s annual or interim financial statements will not be prevented or detected on a timely basis. As of March 31, 2009, we identified a material weakness related to the policies and procedures that we had put in place for the review of our goodwill impairment test.

During fiscal year 2009, we performed a goodwill impairment test to assess any impairment on the carrying amount of our recorded goodwill. Due to an oversight in our policies and procedures for the review of the calculations and results of our goodwill impairment test, we were unable to detect certain clerical errors in our calculations. Although this oversight did not affect our conclusion based on the results of our goodwill impairment test, it did create a reasonable possibility that a material misstatement of our annual or interim financial statements resulting from inaccurate calculations and results of our goodwill impairment test would not be prevented or detected on a timely basis. Accordingly, we determined that this control deficiency constituted a material weakness.

During the preparation of our annual report on Form 10-K, the underlying circumstances of this material weakness were fully communicated to and considered by our independent registered public accounting firm to ensure that an accurate and proper goodwill impairment test was performed and that the appropriate accounting treatment was recorded in the financial statements included in our annual report on Form 10-K.

We have developed the following remediation plan to address this material weakness and we are proceeding expeditiously with the following measures to enhance our internal control over financial reporting:

> We will strengthen and formalize our existing procedures for the review of the calculations and results of our goodwill impairment test to ensure that the material weakness does not impair our ability to produce accurate and timely financial statements. These policies and procedures will require that our test of goodwill impairment be subject to an independent review.
>
> Our Audit Committee will monitor these remediation efforts and may direct additional measures as deemed appropriate.

Accordingly, our management believes that the accounting for goodwill impairment included in our financial statements fairly presents in all material respects our financial position, results of operations and cash flows for the periods presented.

Changes in Internal Control over Financial Reporting

No change was made in our internal control over financial reporting during fiscal year 2009 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting, other than under the heading Internal Control over Financial Reporting and immediately below under the heading Remediation of Past Material Control Weaknesses.

Remediation of Past Material Control Weaknesses

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of the end of the fiscal year covered by our Form 10-K filed on June 27, 2008. This evaluation was based on the framework issued by COSO. Based on this evaluation, we identified a material weakness in our internal control over financial reporting prior to the filing of our Form 10-K on June 27, 2008.

During fiscal year 2008, we significantly expanded our property development operations, which involve property development and sales of new properties. Accounting for these transactions involves complex accounting principles and requires specialized personnel with specific U.S. GAAP knowledge and experience. During fiscal year 2008 we accounted for portions of our new property sales as liabilities, which is not in accordance with U.S. GAAP principles. In addition, we accounted for portions of our new property sales as revenues without reference to U.S. GAAP principles, which set specific initial investment thresholds to account for such transactions as sales. As a result of this practice, we were required to make adjustments in our financial statements to properly reflect U.S. GAAP principles.

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In order to rectify this material weakness, we have implemented additional procedures to ensure that our accounting for property development and sales of new properties is presented fairly in all material respects in accordance with U.S. GAAP principles. These procedures include the following:

We have instituted monthly business reviews led by our Chief Executive Officer and monthly operating and financial statement reviews by various levels of our management team, including our executive officers;

We are taking steps to create a new disclosure review group in order to further formalize our internal review processes related to preparation of our reports filed with the SEC and other public disclosures, which will include directors, executive management, senior financial management and senior operating personnel; and

We are expanding our educational assistance to all our accounting staff to ensure a thorough and consistent understanding of changes in accounting principles and modifications and enhancement in our internal controls and procedures.

In addition, we will consult external accounting professionals when encountering new and complex accounting transactions and will continue to refine and enhance our internal control procedures. Accordingly, management believes that the accounting for property development and sales of new properties included in our financial statements fairly presents in all material respects our financial position, results of operations and cash flows for the periods presented.

Results of Operations

The following discussion of our results of operations is based on the financial information derived from our consolidated financial statements prepared in accordance with U.S. GAAP. In the following discussion, references to increases or decreases in any year are made by comparison with the corresponding prior year, as applicable, except as the context otherwise indicates.

The following table sets forth for fiscal years 2009, 2008 and 2007 certain items from the Consolidated Statement of Income, and these items as a percentage of net sales:

	Fiscal Year Ended March 31,					
	2009		2008		2007	
	HK$	%	HK$	%	HK$	%
	(HK$ in thousands, except for percentages)					
Net sales	333,138	100.0	633,691	100.0	398,279	100.0
Cost of sales	(218,030)	(65.5)	(352,195)	(55.6)	(285,580)	(71.7)
Gross profit	115,108	34.5	281,496	44.4	112,699	28.3
Rental income, gross	26,596	8.0	6,802	1.1	4,225	1.1
Expenses from rentals	(25,097)	(7.5)	(5,956)	(0.9)	(5,888)	(1.5)
	1,499	0.5	846	0.2	(1,663)	(0.4)
Selling, general and administrative expenses	(148,905)	(44.7)	(118,430)	(18.7)	(84,134)	(21.1)
Operating (loss) income	(32,298)	(9.7)	163,912	25.9	26,902	6.8

Interest income	10,043	3.0	17,872	2.8	9,394	2.3
Non-operating income	376	0.1	14,171	2.2	28,981	7.3
(Loss) Income before income taxes and minority interests	(21,879)	(6.6)	195,955	30.9	65,277	16.4
Income tax expenses	3,132	1.0	(75,267)	(11.9)	(6,776)	(1.7)
Net (loss) income before minority interests	(18,747)	(5.6)	120,688	19.0	58,501	14.7
Minority interests	7,694	2.3	(80,753)	(12.7)	(30,536)	(7.7)
Net (loss) income	(11,053)	(3.3)	39,935	6.3	27,965	7.0

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Year Ended March 31, 2009 Compared to Year Ended March 31, 2008

Net Sales and Gross Profit

Net sales for fiscal year 2009 decreased by HK$300.6 million, or 47.4%, from HK$633.7 million for fiscal year 2008, consisting of HK$405.4 million attributable to our pearl operation and HK$228.2 million attributable to our real estate operations, to HK$333.1 million for fiscal year 2009, consisting of HK$316.7 million attributable to our pearl operations and HK$16.4 million attributable to our real estate operations.

Gross profit decreased by HK$166.4 million, or 59.1%, from HK$281.5 million for fiscal year 2008, consisting of HK$124.5 million attributable to our pearl operations and HK$157.0 million attributable to our real estate operations, to HK$115.1 million for fiscal year 2009, consisting of HK$102.8 million attributable to our pearl operations and HK$12.3 million attributable to our real estate operations.

Net sales for our pearl operations and real estate operations accounted for approximately 95.1% and 4.9%, respectively, of our total net sales in fiscal year 2009, as compared to 64.0% and 36.0%, respectively, in fiscal year 2008.

Pearl Operations

Net sales attributable to our pearl operations decreased by HK$88.7 million, or 21.9%, from HK$405.4 million for fiscal year 2008 to HK$316.7 million for fiscal year 2009. Net sales of assembled jewelry decreased by HK$20.9 million, or 9.2%, from HK$226.2 million for fiscal year 2008 to HK$205.3 million for fiscal year 2009. Net sales of South Sea pearls decreased by HK$55.8 million, or 37.3%, from HK$149.5 million for fiscal year 2008 to HK$93.7 million for fiscal year 2009. Net sales of freshwater pearls decreased by HK$10.2 million, or 42.1%, from HK$24.2 million for fiscal year 2008 to HK$14.0 million for fiscal year 2009. Decreases in net sales attributable to our pearl operations were primarily due to a decrease in market demand worldwide, particularly in the United States and Asian countries, including Hong Kong, due to the continued global financial and credit crisis and the contraction of economic activities around the world.

Net sales to the United States and Asia markets decreased for fiscal year 2009 due to the continued weakness of the domestic economies in these markets. Net sales to the United States market decreased by HK$34.2 million, or 32.9%, from HK$104.2 million for fiscal year 2008 to HK$70.0 million for fiscal year 2009. Net sales to the Asia market, including Hong Kong, decreased by HK$37.6 million, or 35.6%, from HK$105.8 million for fiscal year 2008 to HK$68.2 million for fiscal year 2009.

Net sales to the Europe market decreased for fiscal year 2009 due to the weakness of the domestic economies following the financial and credit crises triggered by defaults in the U.S. sub-prime mortgage market. Net sales to the Europe market decreased by HK$15.6 million, or 9.3%, from HK$168.6 million for fiscal year 2008 to HK$153.0 million for fiscal year 2009.

Gross profit attributable to our pearl operations decreased by HK$22.3 million, or 17.9%, from HK$124.5 million for fiscal year 2008 to HK$102.2 million for fiscal year 2009. The decrease was primarily due to a decrease of HK$88.7 million in net sales mainly as a result of a decrease in demand in the United States and the Asia markets.

Gross profit margin attributable to our pearl operations increased from 30.7% for fiscal year 2008 to 32.3% for fiscal year 2009. The increase in gross profit margin was primarily due to our continued (a) implementation of effective cost controls, (b) enhancement of production efficiency due to the acquisition of new machinery and (c) shift in our focus to sales of higher value products.

Real Estate Operations

We commenced presales of phase one market center units in China Pearls and Jewellery City in the fourth quarter of fiscal year 2008. As of March 31, 2009, we had sold approximately 31% of the planned saleable area of China Pearls and Jewellery City.

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Net sales attributable to our real estate operations decreased by HK$211.8 million, or 92.8%, from HK$228.2 million for fiscal year 2008 to HK$16.4 million for fiscal year 2009. The decrease was primarily due to continued credit-tightening measures implemented by the PRC government and a material downturn in the global financial and credit markets which has had the effect of discouraging investment in the PRC real estate market.

Gross profit attributable to our real estate operations decreased by HK$144.7 million, or 92.2%, from HK$157.0 million for fiscal year 2008 to HK$12.3 million for fiscal year 2009. The decrease was primarily due to a decrease of HK$211.8 million in net sales of real estate.

Gross profit margin attributable to our real estate operations increased from 68.8% for fiscal year 2008 to 74.8% for fiscal year 2009. The increase in gross profit margin was primarily due to a higher price for more centrally located shop and booth units at China Pearls and Jewellery City. These centrally located shop and booth units accounted for 56% of our sales at China Pearls and Jewellery City in fiscal year 2009, as compared to 46% in fiscal year 2008.

Rental Income and Rental Expenses

Gross rental income increased by HK$19.8 million, or 291.0%, from HK$6.8 million, consisting of HK$1.3 million attributable to China Pearls and Jewellery City and HK$5.5 million attributable to Man Sang Industrial City for fiscal year 2008 to HK$26.6 million, consisting of HK$19.8 million attributable to China Pearls and Jewellery City and HK$6.8 million attributable to Man Sang Industrial City for fiscal year 2009. As of March 31, 2009, the occupancy rates, representing the percentage of leasable gross floor area leased, of China Pearls and Jewellery City and Man Sang Industrial City were approximately 18% (2008: 20%) and 72% (2008: 72%), respectively. The increase in rental income was primarily due to the recognition of rental income for China Pearls and Jewellery City for the full fiscal year 2009 as compared to one month for fiscal year 2008.

Rental expenses increased by HK$19.2 million from HK$5.9 million for fiscal year 2008 to HK$25.1 million for fiscal year 2009. The increase was primarily due to an increase of HK$9.3 million in depreciation on our leasable properties and an increase of HK$7.8 million in rental-related taxes in the PRC, due to the recognition of rental-related expenses for the operation of China Pearls and Jewellery City for the full fiscal year 2009 as compared to one month for fiscal year 2008.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by HK$30.5 million, or 25.7%, from HK$118.4 million for fiscal year 2008 to HK$148.9 million for fiscal year 2009. The increase was primarily due to an increase of HK$32.8 million in provision for doubtful debts, consisting of HK$20.8 million attributable to our real estate operations and HK$12.0 million attributable to our pearl operations, due to an increase in default risk on receivables due from customers, primarily as a result of deteriorating economic conditions.

Interest Income

Interest income decreased by HK$7.9 million from HK$17.9 million for fiscal year 2008 to HK$10.0 million for fiscal year 2009. The decrease was primarily due to a decrease in interest rates during fiscal year 2009 as compared to fiscal year 2008.

Income Tax Credits / Expenses

We had an income tax credit of HK$3.1 million for fiscal year 2009 compared to income tax expenses of HK$75.3 million for fiscal year 2008. The increase in income tax credits of HK$5.2 million in fiscal year 2009 was due to a reversal of provisions of income taxes in connection with sales of real estate in China Pearls and Jewellery City. The decrease in income tax expenses in fiscal year 2009 compared to fiscal year 2008 was due to a decrease of HK$211.8 million in net sales of real estate in China Pearls and Jewellery City, resulting in a decrease of HK$14.6 million in income tax provisions and a decrease of HK$50.0 million in land appreciation tax for fiscal year 2009.

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With the implementation of the new Enterprise Income Tax Law in the PRC, we expect the enterprise income tax levied on our subsidiaries engaged in our pearl operations in the PRC to increase by 1% to 2% on an annual basis from 20% in 2009 to 25% in 2012. The impact of the increased enterprise income tax rate on our PRC subsidiaries has, to date, been minimal as the taxable income of our PRC subsidiaries that are subject to the increased enterprise income tax rate was insignificant in fiscal year 2009.

Net Loss / Income

As a result of the foregoing, we incurred a net loss of HK$11.1 million for fiscal year 2009, compared to receipt of net income of HK$39.9 million for fiscal year 2008. The net loss was also due to net realized loss of HK$3.5 million from the sale of marketable securities and an other than temporary decline of HK$5.1 million in fair value of marketable securities.

Year Ended March 31, 2008 Compared to Year Ended March 31, 2007

Net Sales and Gross Profit

Net sales increased by approximately HK$235.4 million, or 59.1%, from approximately HK$398.3 million in fiscal year 2007 to approximately HK$633.7 million in fiscal year 2008, primarily due to presales of approximately HK$228.2 million of phase one pearl market center units prior to the grand opening of China Pearls and Jewellery City in the fourth quarter of fiscal year 2008.

Gross profit increased by approximately HK$168.8 million, or 149.8%, from approximately HK$112.7 million in fiscal year 2007 to approximately HK$281.5 million in fiscal year 2008, primarily due to gross profits of approximately HK$157.0 million attributable to presales of phase one pearl market center units prior to the grand opening of China Pearls and Jewellery City in the fourth quarter of fiscal year 2008. Gross profit margin increased from 28.3% in fiscal year 2007 to 44.4% in fiscal year 2008. The increase in gross profit margin was primarily due to higher gross profits associated with our increased real estate sales.

The presales of phase one pearl market center units of China Pearls and Jewellery City accounted for approximately 36.0% of our total sales in fiscal year 2008. The sale of assembled pearl and jewelry products accounted for approximately 36.4% and 51.6% of our total sales in fiscal years 2008 and 2007, respectively.

Pearl Operations

Net sales for our pearl operations increased by approximately HK$7.1 million, or 1.8%, from approximately HK$398.3 million in fiscal year 2007 to approximately HK$405.4 million in fiscal year 2008. The increase in net sales for pearl operations was primarily due to an increase of approximately HK$13.6 million, or 8.8% in net sales in Europe, which was attributable to increased sales of our higher value pearl products in the region. The increase in net sales for pearl operations was partially offset by a decrease of approximately HK$9.9 million, or 8.7%, in net sales in the United States, which was primarily due to decreased sales of our higher value pearl products in the region. Net sales of assembled jewelry products increased by approximately HK$17.5 million, or 8.5%, from approximately HK$205.5 million for fiscal year 2007 to approximately HK$223.0 million for fiscal year 2008, primarily due to increased sales of our higher value assembled jewelry products.

Gross profit for our pearl operations increased by approximately HK$11.8 million, or 10.5%, from approximately HK$112.7 million in fiscal year 2007 to approximately HK$124.5 million in fiscal year 2008. The gross profit margin of our pearl operations increased from 28.3% to 30.7%, primarily due to cost reductions on the production lines of our assembled jewelry sectors following the implementation of effective cost controls and the enhancement of production efficiency.

Real Estate Operations

We commenced presales of phase one pearl market center units in China Pearls and Jewellery City in the fourth quarter of fiscal year 2008. As of March 31, 2008, we had sold approximately 32% of the planned saleable area of China Pearls and Jewellery City with net sales of approximately HK$228.2 million.

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Gross profit for the presale of phase one pearl market center units in China Pearls and Jewellery City was approximately HK$162.6 million. The gross profit margin for the presale of phase one pearl market center units in China Pearls and Jewellery City was approximately 68.8%. As we commenced real estate sales activity with the presales of phase one pearl market center units in China Pearls and Jewellery City in the fourth quarter of fiscal year 2008, we do not have comparable figures for fiscal year 2007.

Rental Income and Rental Expenses

Rental income increased by approximately HK$2.6 million, or 61.0%, from approximately HK$4.2 million for fiscal year 2007 to approximately HK$6.8 million for fiscal year 2008. The increase in rental income was primarily due to the increase in rental rates for units leased at Man Hing Industry Development (Shenzhen) Co., Ltd. and the commencement of property leasing at China Pearls and Jewellery City. During fiscal year 2008, property leases at Man Hing Industry Development (Shenzhen) Co., Ltd. and China Pearls and Jewellery City accounted for rental income of approximately HK$5.5 million and HK$1.3 million, respectively.

Rental expenses remained at approximately HK$5.9 million for fiscal years 2008 and 2007.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by approximately HK$34.3 million, or 40.8%, from approximately HK$84.1 million for fiscal year 2007 to approximately HK$118.4 million for fiscal year 2008. Selling, general and administrative expenses for fiscal year 2008 consisted of approximately HK$84.7 million attributable to pearl operations and approximately HK$33.7 million attributable to real estate sales.

Selling, general and administrative expenses attributable to pearl operations increased by approximately HK$0.5 million from fiscal year 2007 to fiscal year 2008, primarily due to an increase in staff costs of approximately HK$6.2 million, an increase in selling expenses of approximately HK$2.0 million and an increase in foreign exchange costs of approximately HK$4.1 million. These increases were partially offset by a reduction of allowance for doubtful accounts of approximately HK$5.3 million and a reduction in stock compensation expenses of approximately HK$3.9 million.

Selling, general and administrative expenses as a percentage of net sales decreased from approximately 21.1% in fiscal year 2007 to approximately 18.7% in fiscal year 2008, primarily due to an increase in our real estate operations, which have lower selling, general and administrative expenses as a percentage of net sales than our pearl operations. Selling, general and administrative expenses attributable to pearl operations as a percentage of net sales decreased from approximately 21.1% for fiscal year 2007 to approximately 20.9% for fiscal year 2008, primarily due to a reduction of allowance for doubtful accounts of approximately HK$5.3 million included in selling, general and administrative expenses in fiscal year 2008.

Interest Income

Interest income increased by approximately HK$8.5 million, or 90.4%, from approximately HK$9.4 million in fiscal year 2007 to approximately HK$17.9 million for fiscal year 2008. The increase in interest income was primarily due to increased bank deposits during fiscal year 2008 as compared to fiscal year 2007.

Income Tax Expenses

Income tax expenses increased by approximately HK$68.5 million, or 1,010.9%, from approximately HK$6.8 million for fiscal year 2007 to approximately HK$75.3 million for fiscal year 2008. The increase was primarily due to an increase in income before income taxes and higher tax rates applied to real estate sales. This increase was partially offset by overprovision of approximately HK$2.7 million for capital gains during fiscal year 2004.

Net Income

Net income for fiscal year 2008 increased by approximately HK$11.9 million, or 42.8%, from approximately HK$28.0 million for fiscal year 2007 to approximately HK$39.9 million for fiscal year 2008. The increase was

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primarily due to an increase in gross profit of approximately HK$157.0 million attributable to the sale of units at China Pearls and Jewellery City, an increase in gross profit of approximately HK$11.8 million attributable to our pearl operations and an increase of approximately HK$8.5 million in interest income, as well as profit of approximately HK$10.5 million attributable to the sale of a separate real estate investment.

Liquidity and Capital Resources

We operate in a capital intensive industry. Our liquidity requirements relate primarily to investing in real estate development, capital expenditures, payments on bank borrowings and servicing our working capital. Our liquidity resources include cash-on-hand, banking facilities, funds generated from internal operations, disposition of properties and proceeds from the issuance of common stock.

Our liquidity position is primarily affected by our inventory levels of raw materials such as pearls and diamonds, the amount of completed properties held for sale, the level of our accounts payables and receivables and our ability to obtain external financing to meet our debt obligations and to finance our capital expenditures. As of March 31, 2009, we had accounts payable of HK$110.0 million and significant capital commitments of HK$117.2 million during the next two years related to the continued development of China Pearls and Jewellery City. We expect to meet these payables and capital commitments primarily through the use of our internal resources and debt financing.

Our liquidity has not been materially impacted by the recent financial crisis. In particular, the financial crisis has not had an impact on our access to short-term borrowings, relationship with financial institutions and lenders or lending practices employed by our lenders, nor has it increased difficulties in complying with covenants under existing credit arrangements.

We do not expect that our liquidity will be materially impacted in the near future by the recent financial crisis. However, because of the severity of the ongoing financial crisis, we cannot predict with certainty the ultimate impact of these events on us. We will therefore continue to closely monitor our liquidity and capital resources.

If the capital and credit markets continue to experience volatility, it is possible that our ability to access these markets may be limited, which could have an impact on our ability to react to changing economic and business conditions.

Working Capital

Working capital, which represents our total current assets minus our total current liabilities, increased by HK$124.9 million, or 32.5%, from HK$384.0 million as of March 31, 2007 to HK$508.9 million as of March 31, 2008. This increase was primarily due to an increase of HK$306.7 million in cash and cash equivalents, an increase of HK$108.5 million in accounts receivable and an increase of HK$158.1 million in completed properties held for sale. This increase was partially offset by an increase in accounts payable of HK$104.2 million, an increase in receipts in advance of HK$181.9 million and an increase in loans from minority interests of HK$114.3 million arising as a result of the consolidation of China Pearls and Jewellery City in fiscal year 2008.

Working capital decreased by HK$159.3 million, or 31.0%, from HK$508.9 million as of March 31, 2008 to HK$349.6 million as of March 31, 2009. This decrease was primarily due to a decrease of HK$110.5 million in cash and cash equivalents and a decrease of HK$66.8 million in accounts receivable. This decrease was partially offset by an increase of HK$39.6 million in receivables from sale of financial assets contracts.

Cash Balances

Cash balances increased by HK$306.7 million, or 103.3%, from HK$297.0 million as of March 31, 2007 to HK$603.7 million as of March 31, 2008. This increase was primarily due to an increase in net cash of HK$322.3 million resulting from operating activities and net cash of HK$336.1 million from financing activities. This increase was partially offset by an increase of HK$368.5 million in net cash used in investing activities, primarily used for construction payments for the development of China Pearls and Jewellery City.

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Cash balances decreased by HK$110.6 million, or 18.3%, from HK$603.7 million as of March 31, 2008 to HK$493.1 million as of March 31, 2009. This decrease was primarily due to cash outflows of HK$76.8 million for capital expenditures in relation to China Pearls and Jewellery City and cash outflows of HK$22.0 in the investment in marketable securities.

Current Ratio

Our current ratio, which represents the ratio of total current assets to total current liabilities, decreased from 10.0 as of March 31, 2007 to 1.9 as of March 31, 2008. This decrease was primarily due to increased costs associated with the construction of China Pearls and Jewellery City. Our current assets less current liabilities increased by HK$124.9 million, but the ratio of current assets to current liabilities decreased to 1.9.

Our current ratio decreased from 1.9 as of March 31, 2008 to 1.6 as of March 31, 2009. The decrease was primarily due to a decrease of HK$122.7 million in current assets and an increase of HK$36.6 million in current liabilities.

Cash Flows

Net cash provided by operating activities

Net cash provided by operating activities increased by HK$247.1 million, or 328.4%, from HK$75.2 million for fiscal year 2007 to HK$322.3 million for fiscal year 2008. This increase was primarily due to an increase in operating income of HK$137.0 million, and an increase of HK$202.5 million in accounts payable and receipt in advance. This increase was partially offset by an increase in accounts receivable of HK$59.0 million. The increase in total accounts receivable was primarily due to an increase of accounts receivable associated with the sales of market center units in China Pearls and Jewellery City in the fourth quarter of fiscal year 2008. In addition, the increase in total accounts receivable was due to an increase in net sales made to the customers of our Pearl Operations on credit terms as opposed to cash settlement.

Net cash provided by operating activities decreased by HK$256.7 million, or 79.7%, from HK$322.3 million for fiscal year 2008 to HK$65.6 million for fiscal year 2009. The decrease was primarily due to the receipt of approximately HK$181.9 million in advance payments for pearl market center units following the grand opening of the phase one China Pearls and Jewellery City market center in fiscal year 2008 which we did not receive in fiscal year 2009. The decrease was also due to an increase in cash of HK$38.9 million paid to suppliers for payments for goods received in fiscal year 2008 but for which payment of cash was not due until fiscal year 2009, resulting in a decrease in accounts payable from HK$123.9 million in fiscal year 2008 to HK$110.0 million in fiscal year 2009.

Net cash used in investing activities

Net cash used in investing activities increased by HK$284.4 million, or 338.1%, from HK$84.1 million for fiscal year 2007 to HK$368.5 million for fiscal year 2008. This increase was primarily due to cash outflow of HK$465.7 million for construction payments for the development of China Pearls and Jewellery City. This increase was partially offset by proceeds HK$25 million from sales of real estate investments and cash of HK$75.4 million acquired as part of the acquisition of a 6% controlling interest in China Pearls and Jewellery International City Co. Ltd.

Net cash used in investing activities decreased by HK$223.8 million, or 60%, from HK$368.5 million for fiscal year 2008 to HK$144.7 million for fiscal year 2009. The decrease was primarily due to a decrease in cash payments of HK$388.9 million for the construction of China Pearls and Jewellery City. The decrease was partially offset by an increase of HK$22.0 million for investment in marketable securities and an increase of HK$39.6 million in held-to-maturity investments.

Net Cash provided by financing activities

Net cash used in financing activities was HK$33.2 million in fiscal year 2009, as compared to net cash provided by financing activities of HK$336.1 million in fiscal year 2008, primarily as a result of dividends of HK$21.9 million paid by a listed subsidiary and net cash repayments of secured debts of HK$11.3 million in fiscal year 2009, as compared to a cash inflow of HK$290.4 million from issuance of common stock of a listed subsidiary and cash inflow of HK$66.6 million from secured debt in fiscal year 2008.

Restrictions on Cash Transfers to Man Sang Nevada or Man Sang BVI

Each of Man Sang Nevada and Man Sang BVI is a holding company that must rely principally on dividends, loans or advances paid to it by its subsidiaries incorporated in the PRC for its cash requirements, including the funds necessary to pay dividends and other cash distributions to its shareholders, service any debt it may incur and pay its operating expenses. PRC law restricts the ability of our subsidiaries incorporated in the PRC to transfer funds to us in the form of cash dividends, loans or advances. For a description of these restrictions, see Market Price for Man Sang Nevada Common Stock, Dividends and Other Matters Dividends.

Furthermore, under regulations of the State Administration of Foreign Exchange, the Renminbi is not convertible into foreign currencies for capital account items, such as loans, repatriation of investments and investments outside the PRC, unless the prior approval of the State Administration of Foreign Exchange is obtained and prior registration with the State Administration of Foreign Exchange is made.

We do not expect any of such restrictions to have a material impact on our ability to meet our cash obligations.

Share Placement

In July 2007, our subsidiary, Man Sang International Limited, privately placed 200 million of its existing shares with institutional investors at a price of HK$1.48 per share, for gross proceeds of approximately HK$296.0 million. In August 2007, we received HK$285.3 million in cash after deducting fees and expenses incurred in connection with the placing.

Inventories for our Pearl Operations

Inventories for our pearl operations increased by HK$3.2 million, or 6.9%, from HK$46.2 million as of March 31, 2007 to HK$49.4 million as of March 31, 2008. This increase in inventories was in response to an increase of inventory purchases in response to an increase in from our customers and an increase in the range and quantity of products that we offer.

Inventories for our pearl operations decreased by HK$7.5 million, or 15.1%, from HK$49.4 million as of March 31, 2008 to HK$41.9 million as of March 31, 2009. The decrease in inventories was primarily attributable to a decrease of inventory purchases in response to a decrease in demand in the United States and Asia markets.

Inventory turnover period, which represents the ratio of average stock to cost of sales multiplied by 12 months, increased by 0.7 months, from 2.0 months for the fiscal year 2008 to 2.7 months for fiscal year 2009. The increase was primarily due to a decrease in sales turnover for fiscal year 2009.

Accounts Receivable for Pearl Operations

Accounts receivable for our pearl operations increased by HK$28.7 million, or 50.5%, from HK$56.9 million as of March 31, 2007 to HK$85.7 million as of March 31, 2008. This increase was primarily due to an increase in net sales made to the customers on credit as opposed to cash and a decrease of HK$5.3 million in allowance for doubtful accounts. The reduction of allowance for doubtful accounts of HK$5.3 million related to a reserve of accounts receivable from specific customers that we believed was uncollectible in prior years. This receivable was collected during the fiscal year ended March 31, 2008. The average debtor turnover period, which represents the ratio of accounts receivable to net sales multiplied by 12 months, increased by approximately one month, from 1.5 months in fiscal year 2007 to 2.5 months in fiscal year 2008. We have a good and long-standing relationship with our customers, most of whom are well-known global companies. We regularly review their credit standing and keep their credit within our approved limits. We believe no additional allowances are required, and the net balances are fully collectable.

Accounts receivable for our pearl operations decreased by HK$17.6 million, or 20.5%, from HK$85.7 million as of March 31, 2008 to HK$68.1 million as of March 31, 2009. The average debtor turnover period was 2.5 months for fiscal year 2008 and 2009, respectively. The decrease in accounts receivable for pearl operations was primarily due to our tightened credit controls and additional efforts on collection of accounts receivable.

Secured Debt

Secured debt consists primarily of long-term and short-term bank borrowings in Renminbi for the development of China Pearls and Jewellery City and is secured primarily by the land of China Pearls and Jewellery City.

Secured debt decreased by HK$7.7 million, or 3.9%, from HK$199.8 million as of March 31, 2008 to HK$192.1 million as of March 31, 2009. Secured debt consisted primarily of long-term and short-term bank borrowings in Renminbi for the development of China Pearls and Jewellery City, which were secured primarily by the land comprising China Pearls and Jewellery City.

As of March 31, 2008, our banking facilities were secured by mortgages of our leasehold land and buildings of approximately HK$281.9 million and real estate investments of approximately HK$12.6 million. As of March 31, 2009, our banking facilities were secured by mortgages of our leasehold land and buildings of approximately HK$138.6 million and real estate investments in the amount of approximately HK$123.5 million.

Secured debt generally requires monthly interest payments and repayment of principal when due. During the year ended March 31, 2008, HK$66.6 million of secured debt was obtained and HK$22.2 million of secured debt was settled. As of March 31, 2008, the total gross book value of land securing the debt was HK$153.9 million. During the year ended March 31, 2008, interest of HK$13.0 million was capitalized.

During the year ended March 31, 2009, HK$22.6 million of secured debt was obtained and HK$21.9 million of secured debt was settled. As of March 31, 2009, the total gross book value of land securing the debt was HK$230.7 million. During the year ended March 31, 2009, interest of HK$16.7 million was capitalized.

Indebtedness

As of March 31, 2008, we had total outstanding bank borrowings of approximately HK$199.8 million, consisting of long-term borrowings of HK$166.5 million and short-term borrowings, which also include the current portion of long-term borrowings, of HK$33.3 million. As of March 31, 2009, we had total outstanding bank borrowings of approximately HK$192.1 million (denominated in Renminbi), consisting of long-term borrowings of HK$101.7 million and short-term borrowings, which also include the current portion of long-term borrowings, of HK$90.4 million.

The terms of our long-term bank borrowings range between one and three years, and are payable between one and three years. Of our long-term bank borrowings, almost all are variable interest rate loans. As of March 31, 2008, the average interest rate of our long-term bank borrowings was approximately 7.77% per annum. As of March 31, 2009, the average interest rate of our long-term bank borrowings was approximately 6.64% per annum.

All of our short-term bank borrowings are variable interest rate loans. As of March 31, 2008, the average interest rate of our short-term bank borrowings was approximately 7.77%. As of March 31, 2009, the average interest rate of our short-term bank borrowings was approximately 6.64%.

Certain of the credit facilities obtained by our operating subsidiaries require Man Sang International Limited, as guarantor, to maintain, in accordance with Hong Kong generally accepted accounting principles: (1) a tangible net worth of not less than HK$600 million; (2) a gearing ratio (defined as the ratio of consolidated borrowings to consolidated tangible net worth) of 0.8; and (3) a current ratio (defined as the ratio of total current assets to total current liabilities) of 2.0.

Because all of our banking facilities are at our operating subsidiary level, neither Man Sang Nevada nor Man Sang BVI has any outstanding banking facilities. Therefore we do not believe that the dissolution and liquidation of Man Sang Nevada will affect our access to banking facilities.

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Working Capital Facilities

Available working capital facilities decreased by HK$22.7 million, or 5.5%, from HK$414.8 million as of March 31, 2008 to HK$392.1 million as of March 31, 2009. The decrease was primarily due to the expiration of one of our bank facility lines. Available working capital facilities include letter of credit arrangements, import loans, overdraft and other facilities. All such banking facilities bear interest at floating rates generally offered by banks in Hong Kong and the PRC, and are subject to periodic review. Unutilized working capital facilities decreased by HK$15.0 million, or 7.0%, from HK$215.0 million as of March 31, 2008 to HK$200.0 million as of March 31, 2009.

We expect to require additional cash in order to fund our ongoing business needs and expand our operations. We have not encountered any difficulties in meeting our current cash obligations and expect to continue meeting our liquidity and cash needs through cash-on-hand, funds generated from internal operations and bank borrowings. In this regard, we believe that our existing cash, cash equivalents, banking facilities and funds to be generated from internal operations will be sufficient to meet our anticipated future liquidity requirements for the next 12 months. We believe that our sources of working capital, specifically our cash flow from operations, available banking facilities and accessible private and public offerings of debt and equity securities, are adequate for us to meet our anticipated future liquidity requirements.

Capital Expenditures

Capital expenditures in fiscal years 2009, 2008 and 2007 were approximately HK$85.4, HK$473.0 million and HK$8.9 million, respectively, representing approximately 27.0%, 74.6% and 2.2% of net sales, respectively. Capital expenditures during fiscal year 2007 were focused primarily on enhancing existing manufacturing facilities. Capital expenditures during fiscal year 2008 and 2009 were focused primarily on the construction of the phase one pearl market center for China Pearls and Jewellery City. Despite the current global economic downturn, and in light of recent improvements in the PRC economic environment as a result of recent fiscal stimulus measures taken by the PRC government in late 2008, we expect to invest approximately HK$89.0 million and HK$29.0 million for capital expenditures in fiscal years 2010 and 2011, respectively, nearly all of which will be dedicated to the construction of the phase one pearl market center for China Pearls and Jewellery City. However, if economic conditions worsen or our cost of borrowing increases to a level which make it more difficult to obtain financing for our investments, we may re-evaluate our schedule for capital expenditures. For further information, please see Risk Factors Risks Relating to Our Business We may not be able to generate sufficient cash flow or obtain financing to complete China Pearls and Jewellery City or implement our business strategies.

Research and Development, Patents and Licenses

During each of the last three fiscal years, we did not spend any significant amounts on company sponsored research and development activities.

Off-Balance Sheet Arrangements

In August 2007, we entered into a mortgage collaboration agreement with a PRC bank pursuant to which we agreed to indemnify the bank for any failure on the part of purchasers of property at China Pearls and Jewellery City to repay outstanding loans on properties for which we had not yet obtained certificates of title and delivered such certificates to the bank as collateral. In February 2009, we obtained all certificates of title for the purchased property subject to the mortgage collaboration agreement, which we will deliver to the bank following the completion of certain administrative procedures to formally transfer title to purchasers of these properties. As of March 31, 2009, the loans for which we had provided such indemnification totaled HK$52.2 million.

Contractual Obligations

We are subject to various financial obligations and commitments in the normal course of operations. These contractual obligations represent known future cash payments that we are required to make and relate primarily to long-term debt, capital commitment obligations with respect to property under development and operating leases.

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The following table summarizes our contractual obligations as of March 31, 2009.

Contractual Obligations	Total	Less Than 1 Year	1-3 Year	3-5 Year	More Than 5 Years
		(HK$ in thousands)			
Long-term debt[1]	192,100	90,400	101,700		
Capital commitment obligations	117,173	88,604	28,567		
Operating lease obligations	27,791	14,365	13,426		
Total contractual obligations	337,064	193,369	143,693		

(1) Excluding interest on long-term bank loans.

Inflation

Historically, inflation has not had a significant effect on our business. According to the National Bureau of Statistics of China, China s overall national inflation rate, as represented by the general consumer price index, was approximately 4.8% and 5.9% in 2007 and 2008, respectively. The latest inflation rate announced in March 2009 for the first quarter of 2009, as compared to the same period of 2008, was negative 0.6%. Although neither inflation nor deflation in the past has had any material adverse impact on our results of operations, increases in the national inflation rate of the Chinese economy in the future may materially and adversely affect our financial condition and results of operations.

Quantitative and Qualitative Disclosure of Market Risks

As of March 31, 2009, we had no derivative contracts, such as forward contracts and options to hedge against exchange fluctuations.

We denominate our sales in either U.S. dollars or Hong Kong dollars. In fiscal year 2009, we made approximately 45.4% of our purchases in U.S. dollars, approximately 38.0% of our purchases in Hong Kong dollars and approximately 9.2% of our purchases in Renminbi. Since the Hong Kong dollar remains pegged to the U.S. dollar at a consistent rate, we believe that the exposure of our sales proceeds to foreign exchange fluctuations is minimal. Furthermore, we do not consider the potential revaluation of the Renminbi to be significant to our operations as we believe that the risk of a substantial fluctuation of the Renminbi exchange rate remains low. As of March 31, 2009, we had bank borrowings of HK$192.1 million denominated in Renminbi.

Because the majority of our purchases are made in currencies which we believe present a low risk of appreciation or devaluation and our sales are made in U.S. dollars, we believe that our currency risk for the foreseeable future should not be material. As a result, we have not entered into any derivative contracts, such as forward contracts and options, to hedge against foreign exchange fluctuations during fiscal year 2009.

We are exposed to interest rate risk resulting from fluctuations in interest rates. As of March 31, 2009, we had borrowed approximately HK$192.1 million (denominated in Renminbi) under floating rate credit facilities. All such banking facilities bear interest at floating rates generally offered by banks in Hong Kong and the PRC and are subject to periodic review. Fluctuations in interest rates can lead to significant fluctuations in the fair value of our debt obligations. We closely monitor interest rate risk and consider using appropriate financial instruments to hedge any exposure. However, we do not currently use any derivative instruments to manage our interest rate risk.

Given the relative price stability associated with the raw materials used in our products, we believe our commodity price risk should not be material.

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BUSINESS DESCRIPTION

In this section, the words we, us and our generally refer to Man Sang Nevada and its operating subsidiaries, which include Man Sang BVI.

History and Development

Man Sang Holdings, Inc., or Man Sang Nevada, was incorporated in the State of Nevada under the Nevada Revised Statutes on November 14, 1986 under the name of SBH Ventures, Inc. SBH Ventures, Inc. was originally incorporated as a blind pool company for the purpose of acquiring an operating business. In March 1987, SBH Ventures, Inc. completed a public offering of 20,000,000 shares of its common stock, raising net proceeds of approximately US$171,000. Subsequently, in November 1991, in connection with a merger with an operating company, SBH Ventures, Inc. changed its name to UNIX Source America, Inc. and effected a 1-for-20 reverse stock split of its common stock. The operations of UNIX Source America, Inc. proved unsuccessful and it ceased business operations in 1992. In January 1996, UNIX Source America, Inc. effected a 1-for-14 reverse stock split of its common stock and issued 11,000,000 shares of its common stock, par value $0.001 per share and 100,000 shares of Series A preferred stock, par value $0.001 per share to the controlling shareholders of Man Sang BVI, in exchange for all of the outstanding securities of Man Sang BVI. As a result, Man Sang Nevada became the holding company of, and assumed the operations of, Man Sang BVI. Pursuant to the terms of the exchange, Unix Source America, Inc. changed its name to Man Sang Holdings, Inc. and assumed the operations of Man Sang BVI. Following the share exchange, the controlling shareholders of Man Sang BVI became the controlling shareholders and directors of Man Sang Nevada.

Man Sang International (B.V.I.) Limited, or Man Sang BVI, was incorporated in the British Virgin Islands as an international business company under the BVI International Business Companies Act on August 14, 1995, and automatically re-registered as a business company on January 1, 2007 pursuant to the BVI Companies Act. As a result of the liquidation, Man Sang BVI will become the listed holding company of our group.

Our principal place of business and our executive office is located at Suite 2208-14, 22/F, Sun Life Tower, The Gateway, 15 Canton Road, Tsimshatsui, Kowloon, Hong Kong, telephone: 852-2317-9888. We have designated National Registered Agents, Inc., 875 Avenue of the Americas, Suite 501, New York, New York, 10001, as our agent for service of process in the United States.

The foundation of the group of companies comprising Man Sang Nevada and its subsidiaries, including Man Sang BVI, was laid in the early 1980s when Cheng Chung Hing, Ricky formed Man Sang Trading Hong, a freshwater pearl trading company, and Cheng Tai Po formed Peking Pearls Company, a Japanese cultured pearl trading company. As our business developed, Man Sang Jewellery Company Limited and Peking Pearls Company Limited were formed in Hong Kong in 1988 and 1991, respectively, to continue our trading operations. Subsequently, we expanded our operations to include pearl processing with the establishment of Man Hing Industry Development (Shenzhen) Co., Ltd. in 1992 to process and assemble freshwater pearls and Chinese cultured pearls, and Damei Pearls Jewellery Goods (Shenzhen) Co., Ltd. in 1995 to assume and expand the Chinese cultured pearl processing operations of Man Hing Industry Development (Shenzhen) Co., Ltd. In view of the continuous expansion of the Chinese cultured pearls business, in December 1996, we established a subsidiary, Tangzhu Jewellery Goods (Shenzhen) Co., Ltd. in the PRC to specialize in the purchasing and processing of Chinese cultured pearls of larger sizes with diameters from six millimeters and above and, to a lesser extent, in processing other cultured pearls. As a result, Damei Pearls Jewellery Goods (Shenzhen) Co., Ltd. started to concentrate on the purchasing and processing of cultured pearls of smaller sizes with diameters below six millimeters. The business of purchasing and processing of Chinese freshwater pearls was also transferred from Man Hing Industry Development (Shenzhen) Co., Ltd. to Tangzhu Jewellery Goods (Shenzhen)

Co., Ltd. while Man Hing Industry Development (Shenzhen) Co., Ltd. started to concentrate on the pearl jewelry assembling business.

In order to facilitate growth in existing operations and expansion into processing operations, and to diversify our revenues, in 1991, we commenced construction of 24 buildings in an industrial facility in Shenzhen, the PRC, or Man Sang Industrial City, for use in pearl processing and corporate administration (five buildings) and for lease to third party industrial users (19 buildings).

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In October 2003, Mr. Cheng Chung Hing, Ricky and Mr. Cheng Tai Po purchased from Man Sang BVI 36 million shares and 24 million shares, respectively of Man Sang International Limited. After such transaction, through Man Sang BVI, Man Sang Nevada held 49.4% of the shares issued of Man Sang International Limited, and remained the principal shareholder of Man Sang International Limited. The purchase price per share was the arithmetic average of the closing price of Man Sang International Limited shares for each of the five trading days immediately preceding and including October 6, 2003.

In March 2006, Man Sang International Limited, a subsidiary of our company which is listed on The Stock Exchange of Hong Kong Limited, indirectly acquired a 49% interest in a project located in Zhuji, Zhejiang province, PRC through its subsidiary. In April 2007, Man Sang International Limited acquired a majority interest in China Pearls and Jewellery City Holdings Limited, which is the parent of China Pearls and Jewellery International City Co., Ltd., a wholly owned subsidiary which is the project company of the China Pearls and Jewellery City project. The China Pearls and Jewellery City project consists of the development of a pearl market center to be located in Shanxiahu, Zhuji, Zhejiang Province, PRC.

We completed the phase one pearl market center of the China Pearls and Jewellery City s project in April 2008. We will continue to develop the China Pearls and Jewellery City project in phases in response to market demand and the prevailing economic conditions in the PRC. Upon completion, we expect the China Pearls and Jewellery City project to consist of two pearl market trade centers, with various supporting facilities, including manufacturing, processing, exhibition and residential facilities, and to have a total gross site area of approximately 1.2 million square meters.

Capital expenditures in fiscal years 2009, 2008 and 2007 were approximately HK$8.5 million, HK$473.0 million and HK$8.9 million, respectively, representing approximately 2.5%, 74.6% and 2.2%, of our net sales, respectively. Capital expenditures during fiscal year 2007 were focused primarily on enhancing existing manufacturing facilities. Capital expenditures during fiscal years 2008 and 2009 were focused primarily on the construction of the phase one pearl market center for the China Pearls and Jewellery City project. We have relied on both internal and external methods of financing for our capital expenditures, including cash generated from accounts receivable and sales of inventories, as well as bank borrowings and placements of equity securities by our subsidiaries.

In July 2007, Man Sang International Limited privately placed 200 million of its existing shares with institutional investors at a price of HK$1.48 per share, for gross proceeds of approximately HK$296.0 million. In August 2007, we received HK$285.3 million in cash after deducting fees and expenses incurred in connection with the placing.

During the year ended March 31, 2008, Mr. Hung Kwok Wing, Sonny exercised 8,000,000 share options and two other employees, who are not among our named executive officers, exercised 13,000,000 share options under Man Sang International Limited s existing stock option plan to acquire equivalent numbers of shares of Man Sang International Limited at prices of HK$0.253 and HK$0.233, respectively.

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Organization Structure

The following chart shows our simplified corporate structure and represents the anticipated structure of the organization after completion of the liquidation plan, including all of our significant subsidiaries, with the shareholding percentage and jurisdiction of incorporation of each company:

(1) The shares of Man Sang International Limited are listed on The Stock Exchange of Hong Kong Limited. Mr. Cheng Chung Hing, Ricky and Mr. Cheng Tai Po indirectly control the 40.368% ownership interest of Man Sang International (B.V.I.) Limited in Man Sang International Limited through their controlling interest in Man Sang International (B.V.I.) Limited. In addition, Mr. Cheng Chung Hing, Ricky and Mr. Cheng Tai Po directly hold a 17.318% ownership interest in Man Sang International Limited. As a result, we account for Man Sang International Limited as a consolidated subsidiary because we continue to have control over the operating and financial decisions of Man Sang International Limited through the direct and indirect aggregate interest of 57.686% held by Mr. Cheng Chung Hing, Ricky and Mr. Cheng Tai Po in Man Sang International Limited. The remaining interests of Man Sang International Limited are held by public shareholders.

Business Overview

Through our subsidiaries, we are principally engaged in the purchasing, processing, assembling, merchandising, and wholesale distribution of pearls, pearl jewelry products and jewelry products. In addition, we own and operate real estate development and investment businesses in the PRC. Net sales for our pearl operations were HK$398.3 million for the fiscal year ended March 31, 2007, HK$405.4 million for the fiscal year ended March 31, 2008 and HK$316.7 million for the fiscal year ended March 31, 2009. The real estate development and investment business began to generate revenue in the fourth quarter of fiscal year 2008. Net sales for our real estate development and investment business, generated primarily from the presale and sale of phase one pearl market center units in China Pearls and Jewellery City, were HK$16.4 million for the fiscal year ended March 31, 2009 and HK$228.2 million for the fiscal year ended March 31, 2008. Net sales from the presale and sale of phase one pearl market center units in China Pearls and Jewellery City accounted for approximately 4.9% of our total revenues for the fiscal year ended March 31, 2009 and approximately 36.0% of our total revenues for the fiscal years ended March 31, 2008.

Pearl Operations

Pearl Industry

The use of pearls in jewelry dates back over 1,500 years in China. Large-scale commercial pearl production began in Japan in the late 19th century. The farming, production and trading of pearls to meet demand for pearl jewelry is a mature industry. Today s pearl industry and its growth are affected by consumer preferences, worldwide economic conditions and availability of supply.

In today s pearl market, pearls are divided into two categories: freshwater pearls and saltwater cultured pearls. Saltwater cultured pearls are, in turn, divided into Japanese cultured pearls, Chinese cultured pearls, Tahitian pearls and South Sea pearls.

The PRC is a major supplier of freshwater pearls. In addition to the traditional smaller freshwater pearls ranging in size from five millimeters to seven millimeters, there is a supply of high quality freshwater pearls ranging in size from eight millimeters to 15 millimeters. These larger freshwater pearls have a higher gross profit margin than the traditional smaller freshwater pearls because larger freshwater pearls take longer to cultivate, are in shorter supply than the traditional smaller freshwater pearls and may therefore be sold at higher prices.

The PRC has emerged as a major supplier of cultured pearls, ranging in size from five millimeters to eight millimeters. Since 1996, Japan has been losing its long held dominance in the cultured pearl industry due to poor harvests of Japanese cultured pearls. Meanwhile, Chinese cultured pearls have been improving in quality and have been competitively priced. Presently, we no longer focus on the Chinese and Japanese cultured pearl market because we consider its potential growth and profit margin to be relatively unattractive.

Tahitian pearls are sourced from French Polynesia and the Cook Islands, while South Sea pearls are sourced mainly from Australia, Papua New Guinea, Indonesia and the Philippines. These pearls are generally more expensive and are considered superior in quality compared to either Japanese or Chinese cultured pearls. As a result, Japanese and Chinese cultured pearls cannot be easily substituted for Tahitian pearls and South Sea pearls.

Products

We currently offer six product lines: Freshwater pearls; Chinese/Japanese cultured pearls; South Sea pearls and Tahitian pearls; Pearl jewelry; and Other jewelry products. Freshwater pearls are available in a variety of shapes and sizes. The most commonly available sizes range from two millimeters to eight millimeters, which are generally less expensive in price than cultured pearls with wholesale prices typically ranging from US$2 to US$300 per 16-inch strand depending on size, grade and shape. However, since 1998, larger size freshwater pearls are available in the market ranging from eight millimeters to 10 millimeters, or even sometimes up to 15 millimeters, and the price for the larger size freshwater pearls can reach up to US$1,000 per 16-inch strand depending on size, grade and shape. Saltwater cultured pearls generally are round in shape and range in size from five millimeters to 18 millimeters. South Sea and Tahitian pearls are considered to be the highest quality saltwater cultured pearls and typically the

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largest and most expensive followed by Japanese cultured pearls and Chinese cultured pearls. Wholesale prices of cultured pearls typically range from US$13 to US$70,000 per 16-inch strand.

The following table illustrates by pearl category the typical range of size and wholesale price of cultured pearls we sell, with price variations within each category reflecting size and qualitative differences:

	Size (In millimeters)	**Price per 16-Inch Strand US$**
Freshwater pearls	2-13	2-1,000
Chinese cultured pearls	5-7.5	10-400
Japanese cultured pearls	7-10	100-2,000
Tahitian pearls	8-16	120-15,000
South Sea pearls	8-18	300-70,000

We also offer fully assembled pearl and other jewelry, including necklaces, earrings, rings, pendants, brooches, bracelets, cufflinks, and similar miscellaneous pearl and other products. The following table sets forth sales of freshwater pearls, cultured pearls and non-pearl jewelry products as a percentage of our net sales for the periods indicated:

	Freshwater		**Cultured**		**Non-Pearl**
	Loose and Strands %	**Assembled Pearl Jewelry %**	**Loose and Strands %**	**Assembled Pearl Jewelry %**	**Assembled Jewelry %**
Year Ended March 31,					
2009	4.4	35.9	30.8	20.1	8.8
2008	4.7	27.0	38.3	18.6	11.4
2007	6.7	26.0	41.7	17.4	8.2

Purchasing

We purchase (1) Chinese cultured pearls from pearl farms and other suppliers in the coastal areas of southern part of the PRC, including Guangdong and Guangxi Provinces; (2) South Sea pearls from pearl farms and suppliers in Hong Kong, Australia, the Philippines, and Japan; (3) Tahitian pearls from pearl farms and suppliers in French Polynesia; and (4) freshwater pearls from pearl farms and other suppliers in the eastern part of the PRC, including Jiangsu and Zhejiang Provinces.

Our purchases of pearls are conducted by our full-time, well-trained and experienced purchasing staff from our offices in Hong Kong and Shenzhen in the PRC. The purchasing staff maintains regular contacts with pearl farms and other suppliers in the PRC, Japan, Hong Kong, Philippines and Tahiti, enabling us to buy directly from farmers whenever possible, to secure the best prices available for pearls and to gain access to a larger quantity of pearls. Our management and purchasing staff meet regularly to assess existing and anticipated pearl demand. The purchasing staff in turn inspects and purchases pearls in the quantities and of the quality and nature necessary to meet existing and estimated demand.

Due to the relative low volatility of pearl prices, we have no long-term purchase contracts, and instead negotiate the purchase of pearls on an as-needed basis to correspond with expected demand.

While we constantly seek to capitalize on volume purchasing and relationships with farmers and suppliers to secure the best pricing and quality when purchasing pearls and other jewelry raw materials, we generally purchase raw materials from suppliers at approximately prevailing market prices. We believe that there are numerous alternate supply sources and that the termination of our relationship with any of our existing sources would not materially adversely affect us. To date, we have not experienced any significant difficulty in purchasing raw materials.

In fiscal year 2008, our five largest suppliers accounted for approximately 47.1% (2007: 51.9%) of our total purchases, with the largest supplier accounting for approximately 16.2% (2007: 16.3%) of our total purchases. In fiscal year 2009, our five largest suppliers accounted for approximately 50.0% (2008: 47.1%) of our total purchases, with the largest supplier accounting for approximately 21.3% (2008: 16.2%) of our total purchases.

In fiscal year 2008, approximately 27.6% of our purchases were made in Hong Kong dollars, with the remaining amount settled in United States dollars, French Polynesian francs, Renminbi or Japanese Yen. In fiscal year 2009, approximately 38.0% and 45.4% of our purchases were made in Hong Kong dollars and United States dollars, respectively, with the remaining amount settled in Renminbi, Japanese Yen or Euro. It is our policy not to enter into derivative contracts such as forward contracts and options, unless we consider it necessary to hedge against foreign exchange fluctuations. No such derivative contract was entered into during fiscal year 2008 and 2009.

Processing and Assembly

Pearl processing and assembly are conducted at our facilities in Shenzhen, PRC. As of March 31, 2009, our freshwater pearl processing and assembly operations occupied approximately 17,200 square feet and employed 151 workers while jewelry production and assembly operations occupied approximately 52,000 square feet and employed 545 workers. As of March 31, 2009, the average compensation per factory worker is HK$1,850 per month while average supervisory compensation is HK$2,900 per month.

We, with the assistance of specialists from Japan, have trained our work force to implement advanced Japanese bleaching technology. Each worker performs a specific function and is supervised by an officer and technical assistants who are university graduates with chemical technology training. Each worker also receives specialized training by industry specialists from Japan. Prior to participation in pearl processing operations, each worker is required to participate in an extensive on-the-job training program utilizing poor quality pearls for demonstration and training purposes.

Pearl processing occurs in batches or production cycles. Raw pearls and other materials transported to our processing facilities in Shenzhen, PRC are first sorted, chemically bleached and, if necessary, drilled. This process, excluding drilling, takes approximately 21 days for freshwater pearls and approximately 70 days for saltwater cultured pearls. Drilling takes approximately 10 days. Next, the pearls are cleaned, dried, waxed, graded, sorted, strung, and if necessary, packaged. The entire production cycle takes approximately 30 days for freshwater pearls and approximately 100 days for saltwater cultured pearls.

Where appropriate, the processed pearls are then incorporated into finished jewelry products. Assembly and finishing may include the addition of clasps, decorative jewelry pieces, or other specialty work requested by the customers to produce finished jewelry pieces.

We presently have facilities and pearl processing personnel to produce approximately 25,000 kilograms (2008: 25,000 kilograms) of freshwater pearls and 3,000 kilograms (2008: 3,000 kilograms) of cultured pearls annually. Fiscal year 2009 production totaled approximately 14,000 kilograms of freshwater pearls, representing 56% of our processing capacity and 2,490 kilograms of cultured pearls, representing 83% of our processing capacity, compared to the production of 18,000 kilograms of freshwater pearls, representing 72% of our processing capacity, and 2,631 kilograms of cultured pearls, representing 88% of our processing capacity, in fiscal year 2008. As of March 31, 2009, we had adequate assembly and finishing personnel and facilities to produce approximately 1.7 million pieces (2008: 1.6 million pieces) of finished jewelry annually. Production of finished jewelry in fiscal year 2009 totaled approximately 0.9 million pieces (2008: 1.3 million pieces).

Upon completion of processing, pearls are shipped to our offices in Hong Kong where they are stored for inspection by potential buyers.

Marketing

We market our products from our facilities in Hong Kong. Our sales staff, which is divided into groups organized by geographic regions, currently markets freshwater pearls, Chinese cultured pearls, Japanese cultured pearls, Tahitian pearls, South Sea pearls, and jewelry products.

Our marketing and sales staff maintains on-going communications with a broad range of jewelry distributors, manufacturers and retailers worldwide to assure that customers   pearls and jewelry requirements are fully satisfied.

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Our marketing and sales staff regularly visits all major pearl markets and jewelry trade shows to display products, establish contacts with potential customers and evaluate market trends. Apart from attending trade shows and servicing customers, our marketing and sales force principally operates from our headquarters in Hong Kong, where buyers personally visit and inspect our products and place orders. As part of our marketing efforts, we have established an Internet website (www.man-sang.com) to market our products. In addition, we have increased our efforts to market pearls and jewelry products to customers in Europe and North America.

Customers

Our customers consist principally of wholesale distributors and mass merchandisers in Europe, the United States, Hong Kong and other Asian countries. For fiscal years 2009, 2008 and 2007 one of our customers accounted for more than 10.0% of our total sales. For fiscal years 2009, 2008 and 2007, our five largest customers accounted for approximately 47.4%, 41.9% and 41.1%, respectively, with the largest customer accounting for approximately 15.1%, 10.4% and 16.0%, respectively, of our total sales. As of March 31, 2009 and 2008, we had approximately 700 and 900 customers, respectively. We have no long-term contract with customers. Most of our customers have been in business with us for a number of years. We do not believe that the loss of any one customer will have a material adverse effect on our financial condition or results of operations.

Our policy is to denominate predominantly all our sales in either U.S. dollars or Hong Kong dollars. Since the Hong Kong dollar remained pegged to the U.S. dollar throughout fiscal years 2009 and 2008, our sales proceeds have thus far had minimal exposure to foreign exchange fluctuations.

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The following table sets forth by region and by product our net sales for the periods indicated:

	Fiscal Year Ended March 31,					
	2009		2008		2007	
	HK$	%	HK$	%	HK$	%
	(HK$ in thousands, except for percentages)					
Cultured Pearls						
North America	18,685	6.0	39,806	9.8	47,616	12.0
Europe	26,041	8.2	26,554	6.6	28,121	7.1
Hong Kong	12,234	3.8	22,442	5.5	22,462	5.6
Other Asian countries	36,473	11.5	58,032	14.3	58,681	14.7
Others	4,028	1.3	8,281	2.1	6,325	1.6
Sub-total	97,461	30.8	155,115	38.3	163,205	41.0
Freshwater Pearls						
North America	2,156	0.7	3,389	0.8	3,569	0.9
Europe	3,074	1.1	4,496	1.1	7,188	1.8
Hong Kong	932	0.3	1,639	0.4	2,296	0.6
Other Asian countries	6,998	2.2	12,430	3.1	13,969	3.5
Others	800	0.2	2,199	0.6	1,194	0.3
Sub-total	13,960	4.5	24,153	6.0	28,216	7.1
Assembled Jewelry						
North America	49,104	15.5	60,990	15.0	62,891	15.8
Europe	123,842	39.0	137,566	33.9	119,706	30.1
Hong Kong	2,800	0.9	2,767	0.7	5,171	1.3
Other Asian countries	8,723	2.7	8,453	2.1	6,653	1.6
Others	20,813	6.6	16,400	4.0	12,437	3.1
Sub-total	205,282	64.7	226,176	55.7	206,858	51.9
Total	316,703	100.0	405,444	100.0	398,279	100.0

Our purchases are not seasonal in nature

A majority of sales (by dollar amount) in Hong Kong is for re-export to North America, Europe and other Asian countries.

Seasonality

Our sales are seasonal in nature and past experience indicates that this seasonality will continue in the future. The bulk of our sales occur during the months of March, June and September (during major international jewelry trade shows held in Hong Kong in these three months). Accordingly, the results of any interim period are not necessarily indicative of the results that might be expected during a full year.

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The following table sets forth our unaudited net sales by quarter for the periods indicated:

	Fiscal Year Ended March 31,					
	2009		2008		2007	
	HK$	%	HK$	%	HK$	%
	(HK$ in thousands, except for percentages)					
First Quarter	81,831	25.8	100,652	24.8	97,937	27.5
Second Quarter	108,610	34.3	109,407	27.0	95,395	28.5
Third Quarter	76,404	24.1	108,616	26.8	106,780	23.8
Fourth Quarter	49,858	15.8	86,769	21.4	98,167	20.2
Total	316,703	100.0	405,444	100.0	398,279	100.0

Competition

With the exception of several large Japanese cultured pearl and South Sea pearl suppliers, the pearl business is highly fragmented with limited brand name recognition or consumer loyalty. Selection is generally a function of design appeal, perceived value and quality in relationship to price.

Internationally, we face intense competition. Our principal historical competitors in the Japanese cultured, Tahitian and South Sea pearl markets are Japanese companies. Firms such as Tasaki, Mikimoto, Tokyo and K. Otsuki are the largest traders and distributors of such pearls. Nevertheless, their competitiveness has been impaired by the current weakness in Japan s economy, and the poor harvest of Japanese cultured pearls.

Locally, we compete with approximately 60 companies in Hong Kong that engage actively in the freshwater pearl and Chinese cultured pearl business. Most of such local companies are small operators and some are engaged only in pearl trading. In addition to genuine pearls, we must compete with synthetically produced pearls.

We believe that we are competitive in the industry because of our advanced pearl processing and bleaching techniques, and processing facilities in the PRC which allow us to process pearls at a cost that is lower than many of our competitors and because we are a leading purchaser and distributor of Chinese cultured pearls. In addition, we provide one-stop shopping convenience to customers and have historically maintained a close relationship with our customers. Therefore, although competition is intense, we believe that we are well positioned in the pearl industry.

However, in a highly competitive industry where many competitors have substantially greater technical, financial and marketing resources than us, new competitors may enter into the market and customer preferences may change unpredictably, and we cannot assure you that we will remain competitive.

Real Estate Development and Investment

Our real estate development and investment primarily consists of the following two projects:

Man Sang Industrial City, an industrial complex located in Gong Ming Zhen, Shenzhen Special Economic Zone, PRC with a total site area of approximately 470,000 square feet; and

China Pearls and Jewellery City, a pearl market center located in Shanxiahu, Zhuji, Zhejiang Province, PRC. As of March 31, 2009, we had completed construction of our phase one pearl market center at China Pearls and Jewellery City and expect to complete construction of the remaining phases of China Pearls and Jewellery City in phases over the next three to five years. Upon its completion, we expect China Pearls and Jewellery City to cover a total gross site area of approximately 1.2 million square meters and to comprise various supporting facilities, including manufacturing, processing, exhibition and residential facilities.

Real Estate in Shenzhen

Facilities

In connection with our expansion into pearl processing and assembling operations, we acquired land use rights with respect to, and constructed Man Sang Industrial City, an industrial complex located in Gong Ming Zhen, Shenzhen Special Economic Zone, PRC in September 1991. The land use rights, for a total site area of approximately 470,000 square feet, for Man Sang Industrial City have a duration of 50 years starting from September 1, 1991. We paid approximately RMB2.8 million to acquire the land use rights for Man Sang Industrial City and approximately RMB44.8 million to construct Man Sang Industrial City.

As of March 31, 2009, Man Sang Industrial City consisted of 27 completed buildings encompassing a total gross floor area of approximately 813,000 square feet. Of the 27 completed buildings in Man Sang Industrial City, 20 buildings are rental properties, and the remaining seven buildings are for our own use. In addition to factories, dormitories and shops, Man Sang Industrial City has green zones, playgrounds and other amenities typically offered in industrial/living complexes in the PRC.

Leasing and Management

During fiscal year 2009, we utilized seven buildings in Man Sang Industrial City for pearl processing, pearl and jewelry assembly, finance and administration, and staff accommodation. The remaining facilities were leased to third party industrial users, primarily foreign investors and non-polluting light industry.

As of March 31, 2009, 20 buildings in Man Sang Industrial City were used for leasing purposes to independent third parties and industrial users not connected with us. Such facilities are typically offered under leases ranging in duration from one to three years. Rental income from Man Sang Industrial City for fiscal year 2009 was approximately HK$7.7 million compared to approximately HK$4.9 million for fiscal year 2008.

During fiscal year 2009, we employed a staff of 20 persons to provide required management, leasing, maintenance and security for Man Sang Industrial City.

Competition

Competition among facilities such as Man Sang Industrial City is intense in the Shenzhen Special Economic Zone. Because of economic incentives available for businesses operating in the Shenzhen Special Economic Zone, numerous facilities have been constructed to house such businesses. While a number of competing facilities may offer greater amenities and may be operated by companies having greater resources, and additional competing facilities may be constructed, we believe Man Sang Industrial City is competitive with other similar facilities in the Shenzhen Special Economic Zone based on both the quality of facilities and lease rates.

Real Estate in Hong Kong

We own rental properties in Hong Kong which were leased to independent third parties. Our Hong Kong rental properties consist of the following properties:

957 square feet at Room 407, Wing Tuck Commercial Centre, 177-183 Wing Lok Street, Sheung Wan, Hong Kong. We entered into a tenancy agreement for a term of three years starting from September 22, 2005 at a rental of HK$7,000 per month. Total rental income was approximately HK$39,900 for fiscal year 2008 and approximately HK$84,000 for fiscal year 2007. See Property Hong Kong.

10,880 square feet at 19th Floor, Railway Plaza, 39 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong. In May 2008, we vacated this property, which was formerly our headquarters, and changed the holding purpose to rental property. Commencing from June 20, 2009, we had leased this property for a two-year term for HK$174,080 per month, exclusive of a two-month rent free period.

In March 2009, we sold a 1,063 square feet property at Flat A on 33rd Floor, Valverde, and parking space No. 3 on Floor L3, Valverde, 11 May Road, Hong Kong for consideration of HK$14.0 million.

In December 2007, we sold a 2,643 square feet property on the 17th Floor and car parking space No. 16 on the 2nd Floor of Silvercrest, No. 24 Macdonnell Road, Midlevels, Hong Kong for consideration of HK$25.0 million. Total rental income for this property prior to the date of sale was approximately HK$545,000 for fiscal year 2008 and approximately HK$576,000 for fiscal year 2007.

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Real Estate in Zhuji

Market

As an extension to our core pearl and jewelry business, we are in the process of developing a pearl market center in Shanxiahu, Zhuji, Zhejiang Province, the PRC as a wholesale trade platform for pearls and jewelry. Zhuji is regarded as one of China s pearl capitals and has a long history in pearl production and trade. Zhuji is commonly recognized as one of the largest freshwater raw pearl distribution centers and one of the largest sources of farmed freshwater pearls, in terms of volume produced, in the PRC. Recognizing Zhuji s status as one of China s centers for pearl production and trade, we are in the process of developing a pearl market trade center, China Pearls and Jewellery City, which also will have supporting facilities. We expect China Pearls and Jewellery City to provide a one-stop service, including manufacturing, processing, exhibition, sales and logistics solutions for both domestic and foreign wholesale pearls and jewelry in the PRC.

Products and Services

As of March 31, 2009, we had completed construction of our phase one pearl market center, which includes a total of 2,380 units (including 1,252 shop units and 1,128 booths), covering a total gross floor area of approximately 130,286 square meters. We expect to complete construction of phase one of China Pearls and Jewellery City in the second half of 2009. Upon its completion, we expect phase one of China Pearls and Jewellery City to comprise a market center, four blocks of manufacturing and processing areas, offices, residential areas and multi-function buildings.

We commenced presales of phase one pearl market center units of China Pearls and Jewellery City in the fourth quarter of fiscal year 2008. As of March 31, 2009, we had sold shop units covering a gross floor area of approximately 16,000 square meters, representing approximately 31% of the total planned saleable area of the project (51,361 square meters). Net sales for the phase one pearl market center units of China Pearls and Jewellery City in fiscal year 2008 and 2009 were HK$228.2 million and HK$16.4 million, respectively.

As of March 31, 2009, we had leased shop and booth units covering a gross floor area of approximately 14,319 square meters, representing approximately 18% of the total leaseable gross floor area of the project (78,926 square meters). Rental income for the phase one pearl market center units of China Pearls and Jewellery City in fiscal year 2008 and 2009 was HK$1.3 million and HK$19.8 million, respectively. Tenants of China Pearls and Jewellery City are primarily pearl, jewelry and jewelry-related product traders from domestic and foreign countries. As of March 31, 2009, we had incurred total development costs (including costs to obtain necessary land use rights, construction costs and capitalized finance costs) of approximately HK$793 million for the construction of phase one of China Pearls and Jewellery City. We estimate that we will incur approximately HK$117.0 million in additional development costs for completion of phase one of China Pearls and Jewellery City.

We plan to complete construction of China Pearls and Jewellery City in a three to five-year time frame. Upon completion, we expect China Pearls and Jewellery City to have a total site area of approximately 1.2 million square meters and to be one of the world s largest and most up-to-date pearl and jewelry trading platforms, offering one-stop service, including manufacturing, processing, exhibition, sales and world-class logistics solutions in the pearl and jewelry industry.

Competition

Presently, we are not aware of any competitors who offer comparable services on the size and scale of China Pearls and Jewellery City. However, smaller regional competitors include the Weitang Pearl Trade Center in Jiangsu Province.

Research and Development

Research and development has not historically played an important role in our operations. We did not have any material research and development expenditures for fiscal years 2008 and 2009.

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Marketing

As of March 31, 2009, we had a team of approximately 15 sales and marketing and customer services personnel located in Zhuji, Shenzhen and Hong Kong who are responsible for the sales, leasing and marketing of our real estate properties in Hong Kong and the PRC.

Government Regulation

We believe that we currently hold all required government approvals and certifications relating to the products and services we offer. We are committed to maintaining these approvals and certifications and apply stringent quality requirements in this regard.

We are subject to extensive government regulation in the PRC. These include a variety of regulations applicable to foreign investment enterprises such as ourselves. The State Administration for Industry and Commerce, Foreign Trade and Economic Cooperation Bureau imposes a number of regulations relating to foreign investment, although the PRC government has gradually relaxed these regulations since the 1990s. The State Administration of Taxation imposes a number of tax regulations applicable to foreign investment enterprises, which, as of 2008, impose a uniform tax rate of 25% on all enterprises incorporated or resident in China, which may significantly increase our income tax liability in the future. For further information on the effect of PRC taxation on our operations, see Material Tax Consequences PRC Taxation.

We note that there are no specific risks presented by PRC laws or regulations in relation to our existing ownership structure and the business and operations of our subsidiaries other than as disclosed below.

Property Development Regulations

Property development projects in the PRC are generally divided into single projects and large tract development projects. A single project refers to the construction of buildings on a plot of land and the subsequent sale of units. Large tract development projects consist of the comprehensive development of large area and the construction of necessary infrastructure such as water, electricity, road and communications facilities. The developer may either assign the land-use rights of the developed area or construct buildings on the land itself and sell or lease the buildings erected on it.

Pursuant to the Regulations of the People s Republic of China Concerning the Interim Current and Assignment of Right to Use State Land in Urban Areas, or the Urban Land Regulations, foreign entities may acquire land-use rights in the PRC unless the law provides otherwise. However, in order to develop the acquired land, the foreign entities need to establish foreign investment enterprises in the PRC as the project companies to develop the property. These project companies may be in the form of Sino-foreign equity or cooperative joint ventures or wholly foreign-owned enterprises. The typical scope of business of such project company includes development, construction, sales, leasing and property management of commodity properties and ancillary facilities on the specific land as approved by the government. The term of the property development company is usually the same as the term of grant of the land-use rights in question.

Establishment of a project company is subject to the approval by the relevant departments of the PRC government in accordance with the following procedures. First, the PRC party to a joint venture project or the foreign investor, in the case of a wholly foreign-owned project, will submit a project application report to the central or local development and reform commission for verification and approval. If the development and reform commission considers the proposed property development project to be consistent with the prevailing national and local economic plans and foreign investment regulations, it will grant an approval to the applicant in respect of the project. The National

Development and Reform Commission and the Ministry of Commerce have been given the authority to regularly issue guidelines for direction of foreign investment.

Once the project application report has been verified and approved, the PRC party and the foreign investor may proceed to prepare a joint feasibility study report that reflects their assessment of the overall economic viability of the proposed project company. At the same time, the parties may proceed to negotiate and execute the joint venture contract and articles of association for the establishment of a project company. In the case of a wholly foreign-owned project, the foreign investor may then prepare articles of association will then, depending, among other things, on the industry to which it belongs under the Catalog for Guiding Foreign Investment in Industry, issued by the National Development and Reform Commission and the Ministry of Commerce on October 31, 2007 and effective as of December 31, 2007, and the amount of total investment, be submitted to the Ministry of Commerce or its local counterpart, as the case may be, for approval. If the Ministry of Commerce or its local counterpart finds the application documents to be in compliance with PRC law, it will issue an approval certificate for the establishment of the project company. With this approval certificate, the foreign investor and/or the PRC party can apply to the local administration for industry and commerce for a foreign investment enterprise business license for the project company.

Once a foreign entity developer has established a project company and secured the land-use rights to a piece of land for development, it has to apply for and obtain the requisite planning permits from the planning departments and have its design plan approved by, and apply for and obtain construction permits from, the relevant construction commission for commencement of construction work on the land. When the construction work on the land is completed, the completed buildings and structures must be examined and approved by the government departments before they can be delivered to purchasers or lessors for occupancy.

In July 2006, the Ministry of Construction, the Ministry of Commerce, the National Development and Reform Commission, the People s Bank of China, the State Administration for Industry and Commerce and the State Administration for Foreign Exchange issued the *Circular on Standardizing the Admittance and Administration of Foreign Capital in the Real Estate Market*. Under such circular, when a foreign investor establishes a property development enterprise in China where the total investment amount is US$10 million or more, such enterprise s registered capital must not be less than 50% of its total investment amount.

In addition, as a property developer, we are subject to a number of measures and regulations recently introduced by the PRC government to tighten control of the real property market. The measures include:

- tightening lending of bank loans to property developers and purchasers of developed properties and increasing the reserve requirements for commercial banks;

- restricting the ability of foreign invested real estate companies to raise funds offshore for the purpose of funding such companies either through capital increase or by way of shareholder loans;

- restricting the conversion and sale of foreign exchange on the capital account for foreign invested real estate companies that have not undergone an examination by the local examination and approval authority;

- imposing strict requirements before commencement of a real estate project can begin, including the requirement that proposed projects with a total investment value of at least RMB50 million establish administration files and receive relevant approval or permits prior to the commencement of construction;

- prohibiting the extension of loans to real estate developers that do not satisfy certain loan conditions, such as those with a percentage of project capital of less than 35% and those that are not in possession of necessary certificates and permits

- requiring the payment of an idle land charge for land that is idle for one year and recovery of such land by the State without consideration if the land is idle for two years.

- requiring property developers to pay all land grant fees prior to issuing land-use rights certificates; and

- requiring all industrial and commercial land to be granted through an invitation of bids or auction.

Foreign Currency Exchange

The principal regulations governing foreign currency exchange in China are the Foreign Exchange Administration Regulations, as amended in August 2008. Under the Regulations, the Renminbi is freely convertible for current account items, including the distribution of dividends, interest payments, trade and service-related foreign exchange transactions, but not for capital account items, such as direct investments, loans, repatriation of investments and investments in securities outside of China, unless the prior approval of the State Administration of Foreign Exchange is obtained and prior registration with the State Administration of Foreign Exchange is made. August 29, 2008, the State Administration of Foreign Exchange promulgated a notice, Circular 142, regulating the conversion by a foreign-invested company of foreign currency into Renminbi by restricting how the converted Renminbi may be used. The notice requires that the registered capital of a foreign-invested company settled in Renminbi converted from foreign currencies may only be used for purposes within the business scope approved by the applicable governmental authority and may not be used for equity investments within the PRC. In addition, the State Administration of Foreign Exchange strengthened its oversight of the flow and use of the registered capital of a foreign-invested company settled in Renminbi converted from foreign currencies. The use of such Renminbi capital may not be changed without the State Administration of Foreign Exchange s approval, and may not in any case be used to repay Renminbi loans if the proceeds of such loans have not been used. Violations of Circular 142 will result in severe penalties, such as heavy fines.

The dividends paid by the subsidiary to its overseas shareholder are deemed income of the shareholder and are taxable in China. Pursuant to the Administration Rules of the Settlement, Sale and Payment of Foreign Exchange (1996), foreign-invested enterprises in China may purchase or remit foreign currency, subject to a cap approved by the State Administration of Foreign Exchange, for settlement of current account transactions without the approval of the State Administration of Foreign Exchange. Foreign currency transactions under the capital account are still subject to limitations and require approvals from or registration with, the State Administration of Foreign Exchange and other relevant PRC governmental authorities.

Dividend Distribution

The principal PRC regulations governing the distribution of dividends by wholly foreign-owned enterprises are the Law of the People s Republic of China on Wholly Foreign-owned Enterprises, as amended, issued by the National People s Congress on October 31, 2000, and the Detailed Implementing Rules for the Law of the People s Republic of China on Foreign Investment Enterprises, as amended, issued by the State Council on April 12, 2001.

Under these regulations, foreign investment enterprises in China may pay dividends only out of their accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, foreign investment enterprises in China are required to allocate at least 10% of their respective accumulated profits each year, if any, to fund certain reserve funds until these reserves have reached 50% of the registered capital of the enterprises. These reserves are not distributable as cash dividends.

Environmental Matters

We are subject to various environmental laws and regulations set by the PRC national, provincial and municipal governments with respect to our manufacturing and property development businesses. These include regulations on air pollution, noise emissions, as well as water and waste discharge. We believe we are in material compliance with all applicable environmental laws and regulations relating to our businesses, and have obtained all of the environmental permits necessary to conduct our business. Our operations are subject to regulation and periodic monitoring by local environmental protection authorities. If we fail to comply with present or future environmental laws and regulations, we could be subject to fines, suspension of production or a cessation of operations.

We believe our manufacturing processes do not generate excess levels of noise, wastewater, gaseous wastes or other industrial wastes and we have adopted internal policies to ensure that our manufacturing processes are in compliance with relevant environmental laws and regulations.

With respect to our property development business, our projects are normally required to undergo an environmental impact assessment by government-appointed third parties, and a report of such assessment needs to be submitted to the relevant environmental authorities in order to obtain their approval before commencing construction. Upon completion of each project, the relevant environmental authorities inspect the site to ensure the applicable environmental standards have complied with, and the resulting report is presented together with other specified documents to the relevant construction administration authorities for their approval and record. Approval from the environmental authorities on such report is required before delivery of the properties. In the past, we have not experienced any difficulties in obtaining those approvals for commencement of construction and delivery of completed projects. However, we cannot assure you that we will not experience any difficulties in the future. Our operations have not been subject to payment of material fines or penalties for violations of environmental regulations.

Due to the relatively low impact of our operations on the environment, our environmental compliance costs have not been substantial. Our environmental compliance costs were approximately HK$74,000 and HK$168,500 for fiscal years 2008 and 2009, respectively.

Intellectual Property

As of March 31, 2009, we owned 60 trademarks in 16 jurisdictions. We primarily use our trademarks for our pearl and jewelry products. We believe our trademarks are important to the competitiveness of our business. We therefore take all appropriate actions to register and protect these trademarks in the jurisdictions in which we are active. As of March 31, 2009, we are not aware of any infringements against our trademarks. A substantial majority of our trademarks may be renewed after their expiration dates an indefinite number of times.

Man Sang Innovations Limited, an indirect subsidiary of our company, owns 13 registered trademarks in Hong Kong. The validity periods of these registered trademarks will expire between September 23, 2016 and March 27, 2019. In addition, it owns a registered trademark in each of New Zealand, Macau, Australia, Switzerland, Thailand, Indonesia, South Korea, Japan, Mexico, Taiwan, Brazil, European Union, the United States and Canada for its pearl and jewelry products. The validity periods of these registered trademarks will expire between August 9, 2009 and June 16, 2021.

Man Sang Jewellery Company Limited, an indirect subsidiary of our company, owns six registered trademarks in Hong Kong. The validity periods of these registered trademarks will expire between August 11, 2014 and December 3, 2018. In addition, it owns a registered trademark in each of Switzerland, Thailand, Japan, South Korea, Taiwan, European Union and the United States for its pearl and jewelry products. The validity periods of these registered trademarks will expire between March 6, 2012 and March 23, 2014.

Arcadia Jewellery Limited, an indirect subsidiary of our company, owns four registered trademarks in Hong Kong. The validity periods of these registered trademarks will expire between November 19, 2009 and January 22, 2010.

Man Hing Industry Development (Shenzhen) Co., Ltd., an indirect subsidiary of our company, owns 16 registered trademarks in the PRC. The validity periods of these registered trademarks will expire between January 27, 2013 and March 6, 2017.

Provided they are still in use, we will apply to renew our trademarks upon their expiration. Currently, we do not anticipate any difficulties in renewing our trademarks. Accordingly, we do not expect any adverse effects from the upcoming expiration of any of our trademarks.

We believe that our business is not dependent, to a significant extent, on patents or licenses, industrial, commercial or financial contracts or new manufacturing process, and such factors are not material to our business or profitability.

Property

Hong Kong

Headquarters. We have entered into a tenancy agreement for a property at Suites 2208-14, 22nd floor, Sun Life Tower, The Gateway, 15 Canton Road, Tsimshatsui, Kowloon, Hong Kong, which is our new head office in Hong Kong, for a term of three years commencing from March 17, 2008. The property has a gross floor area of approximately 19,900 square feet.

Our headquarters was formerly located at 21st floor and 19th floor, Railway Plaza, 39 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong. We own the premises located on the 19th floor and in the past, we had rented the 21st floor. We moved out of this office in May 2008 and have not renewed our tenancy agreement for the premises located on the 21st floor.

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Property for lease. We own the property at Room 407, Wing Tuck Commercial Centre, 177 183 Wing Lok Street, Sheung Wan, Hong Kong, which we operate as a property for lease. The gross floor area of the premises is approximately 957 square feet. This property is currently vacant.

We own property at the 19th floor, Railway Plaza, 39 Chatham Road South, Tsimshatsui, Hong Kong, which we operate as a property for lease. The gross floor area of the premises is approximately 10,880 square feet. Commencing from June 20, 2009, we had leased this property for a two-year term for HK$174,080 per month, exclusive of a two-month rent free period.

Residential facilities. We owned two residential flats with a combined gross floor area of approximately 1,784 square feet on the 15th floor, Windsor Mansion, 29-31 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong, which we used as quarters for PRC employees on business trips to Hong Kong. The property was sold for a purchase price of HK$5.2 million in November 2008.

We own a residential flat with a gross floor area of approximately 2,838 square feet on the 20th floor, The Mayfair, 1 May Road, Hong Kong, which we have used as our Chairman s residence since February 6, 2002.

In March 2009, we sold a residential flat on the 33rd floor and parking space No. 3 on the L3 floor of Valverde, 11 May Road, Hong Kong for a purchase price of HK$14.0 million. Previously, this property and our former headquarters in Hong Kong were pledged as collateral for bank credit facilities. Following the sale of this property, it was replaced as collateral for bank credit facilities by restricted cash deposits of HK$17.0 million. There are no restrictions under these bank facilities on the use of our former headquarters in Hong Kong.

People s Republic of China

Manufacturing facilities. We own the land use rights to the site of Man Sang Industrial City for a term of 50 years from September 1, 1991 to September 1, 2041. On December 31, 2008, Man Sang Industrial City consisted of 27 completed buildings covering a total gross floor area of approximately 813,000 square feet. As of December 31,2008, we used most of the units in seven buildings covering a gross floor area of approximately 213,000 square feet, and representing approximately 26.2% of the total gross floor area of Man Sang Industrial City, for pearl processing, manufacturing, pearl and jewelry assembly, finance and administration and staff accommodation.

Properties for lease. We have leased units in 20 buildings of Man Sang Industrial City, covering a gross floor area of approximately 600,000 square feet and representing approximately 73.8% of the total gross floor area of Man Sang Industrial City, to independent third parties and industrial users not connected with us.

In addition, we held a grand opening of the phase one China Pearls and Jewellery City pearl market center on April 18, 2008. As of March 31, 2009, we had leased approximately 490 shop and booth units, covering a gross floor area of approximately 16,600 square meters and representing approximately 21.0% of the total leaseable gross floor area of the project (78,926 square meters). Tenants of China Pearls and Jewellery City are primarily pearl, jewelry and jewelry-related product traders from domestic and foreign countries.

Insurance

We maintain property insurance policies with reputable insurance companies for our goods, assets and buildings used in our business operations. With respect to our self-owned properties in Hong Kong, we maintain fire insurance for our buildings and fire, flood and natural disaster insurance for our goods and assets. With respect to our leased properties in Hong Kong, we maintain fire, flood and natural disaster insurance for our goods and assets but do not maintain fire insurance for the leased premises. With respect to our self-owned property in Shenzhen, the PRC, we maintain fire, flood and natural disaster insurance for our buildings, goods and assets. We consider our insurance coverage to be in line with other companies of similar size in Hong Kong and China. However, significant damage to any of our manufacturing facilities or property developments, whether as a result of fire or other causes, could have a material adverse effect on our results of operations. We paid an aggregate of approximately HK$858,000 in the year ended March 31, 2009, in insurance premiums for insurance coverage.

Employees

We had 987,1,143 and 1,026 employees as of March 31, 2009, March 31, 2008 and March 31, 2007, respectively. No employee is governed by a collective bargaining agreement and we consider our relations with our employees to be satisfactory. The following table sets forth a breakdown of employees by function and according to geographic region, as of March 31, 2009.

	Hong Kong	PRC	Total
Senior management	5	5	10
Marketing and sales	24	32	56
Purchasing	3	2	5
Finance and accounting	16	22	38
Processing and logistics	15	710	725
Human resources and administration	13	52	65
Real estate leasing		20	20
Property development		50	50
Information technology	2	16	18
Total	78	909	987

As required by PRC regulations, we participate in various employee benefit plans that are organized by municipal and provincial governments, including housing funds, pension, medical and unemployment benefit plans. We are required under PRC law to make contributions to the employee benefit plans at specified percentages of the salaries, bonuses and certain allowances of our employees, up to a maximum amount specified by the respective local government authorities where we operate our businesses from time to time. Members of the retirement plan are entitled to a pension equal to a fixed proportion of the salary prevailing at the member s retirement date.

As of March 31, 2009, 78 of our employees were located in Hong Kong. We operate a defined contribution Mandatory Provident Fund retirement benefits scheme, or the MPF Scheme, as required under the Mandatory Provident Fund Schemes Ordinance, for our eligible employees in Hong Kong. Contributions are made based on a percentage of the employees basic salaries. The assets of the MPF Scheme are held separately from our assets in an independently administered fund, and our employer contributions vest fully with the employees when contributed into the MPF Scheme.

The total amount of contributions we made to employee benefit plans for the years ended March 31, 2009, 2008 and 2007, was HK$2.1 million, HK$1.5 million and HK$1.4 million, respectively.

Legal Proceedings

We are not currently involved in any material litigation, and we are not aware of any pending or threatened litigation or similar proceedings which could reasonably be expected to have a material adverse effect on our financial condition or results of operations. From time to time, we may be subject to various claims and legal actions arising in the ordinary course of business.

DIRECTORS AND EXECUTIVE OFFICERS

Information Regarding the Directors

The following table sets forth, as of March 31, 2009, the name, age, and position(s) held with Man Sang Nevada, of each director of Man Sang Nevada. The information with respect to each director is set forth in the description of business experience of such persons below. Upon the effective time of the liquidation, each of the directors of Man Sang Nevada set forth below will become the directors of Man Sang BVI.

Name	Age	Position
Mr. Cheng Chung Hing, Ricky	48	President and Chairman of the Board Chief Executive Officer
Mr. Cheng Tai Po	56	Vice Chairman of the Board
Mr. Lai Chau Ming, Matthew	56	Director
Mr. Wong Gee Hang, Henry	73	Director
Mr. Tsui King Chung, Francis	47	Director

Information Regarding Executive Officers

The following table sets forth, as of March 31, 2009, the name, age, and position(s) held with Man Sang Nevada, of executive officers of Man Sang Nevada. The information with respect to each executive officer is set forth in the description of business experience of such persons below. Upon the effective time of the liquidation, each of the executive officers of Man Sang Nevada set forth below will become the executive officers of Man Sang BVI.

Name	Age	Position Held
Mr. Cheng Chung Hing, Ricky	48	President and Chairman of the Board Chief Executive Officer
Mr. Cheng Tai Po	56	Vice Chairman of the Board
Mr. Pak Wai Keung, Martin	45	Chief Financial Officer
Ms. Yan Sau Man, Amy	46	Director of Man Sang International Limited
Ms. Wong Hung Flavia Yuen Yee	41	Director of Man Sang International Limited

(1) On June 25, 2009, Ms. Wong Hung Flavia Yuen Yee resigned as director of Man Sang International Limited with effect from June 26, 2009.

Business Experience of Directors and Executive Officers

Mr. CHENG Chung Hing, Ricky, our co-founder, has served as Chairman of the Board of Directors and President of Man Sang Nevada since January 8, 1996, and of Man Sang BVI since September 1995. He was appointed Chief Executive Officer of Man Sang Nevada on January 2, 1998. He served as Chief Financial Officer from February to August 1999 and from August 2000 to August 2003. Mr. Cheng was appointed Chairman and a Director of Man Sang International Limited, an indirect subsidiary listed on The Stock Exchange of Hong Kong Limited, in August 1997.

Prior to our reorganization in late 1995, which culminated in Man Sang Nevada s issuance of common stock and Series A preferred stock in exchange for all the outstanding securities of Man Sang BVI in January 1996, he had served as chairman and president of various companies within our group of companies. Mr. Cheng also serves as an executive director of a private Hong Kong company with integrated logistics operations in China. Mr. Cheng has over 25 years experience in the pearl business and is responsible for our overall planning, strategic formulation and business development.

Mr. CHENG Tai Po, our co-founder, has served as Vice Chairman of Man Sang Nevada since January 1996 and of Man Sang BVI since September 1995. He was appointed Deputy Chairman and a Director of Man Sang International Limited in August 1997. Prior to our group reorganization, he served as vice-chairman of various companies within our group of companies. Mr. Cheng has over 25 years experience in the pearl business and is responsible for purchasing and processing of pearls as well as our overall planning, strategic formulation and business development.

Mr. LAI Chau Ming, Matthew, has served as a Director of Man Sang Nevada since November 1996. Mr. Lai has been Sales Director of DBS Vickers (Hong Kong) Limited since July 1996. Prior to his joining DBS Vickers, Mr. Lai served from 1972 to 1996 as a Senior Manager of Sun Hung Kai Investment Company Limited, an investment company in Hong Kong. Mr. Lai has 30 years experience in investment. He is experienced in the areas of financial management and planning.

Mr. WONG Gee Hang, Henry, has served as a Director of Man Sang Nevada since April 2005. Mr. Wong has over 30 years of experience in accounting, property investment and development and general management. Mr. Wong has also served as the Managing Director of Marspeed Limited, a consultancy firm of property development, investment and management. Mr. Wong had been a member of senior management in a Hong Kong property developer for more than 15 years. He is a full member of The Hong Kong Management Association.

Mr. TSUI King Chung, Francis, has served as a Director of Man Sang Nevada since January 2006. Mr. Tsui has over 10 years of experience in financial services and business development consultancy both in the United States and in Hong Kong. Since 2000, Mr. Tsui has served as the President of eBiz Incubation & Investment Co. Ltd., a private investment company. He holds a PhD degree in History and a Master of Business Administration degree from the University of Hawaii.

Mr. PAK Wai Keung, Martin, has been with Man Sang Nevada since August 2006 and has served as Chief Financial Officer since September 2006, having previously worked for several international accounting firms and a bank in Hong Kong. He is responsible for our financial and accounting management and corporate governance affairs. Mr. Pak is a fellow member of Hong Kong Institute of Certified Public Accountants. He has over 20 years of experience in accounting, finance and management. Prior to joining us, Mr. Pak served as financial controller for Xinjiang Tianye Water Savings and Irrigation System Company Limited and COSCO International Holdings Limited, from July 2005 to August 2006 and January 2001 to July 2005, respectively.

Ms. YAN Sau Man, Amy has served as a director of Man Sang International Limited since August 12, 1997. She, in combination with other members of the boards of directors of Man Sang International Limited and Man Sang Nevada, is responsible for our overall management as well as the formulation and development of our corporate polices and business strategies. She is also responsible for the formulation and implementation of our overall sales and marketing strategies. Ms. Yan has over 20 years of sales and marketing experience in the pearl business. In addition, Ms. Yan served as Vice President and a director of Man Sang Nevada from January 8, 1996 to March 15, 2005 and was appointed as a director of Man Sang BVI in September 1995.

Ms. WONG HUNG Flavia Yuen Yee served as a director of Man Sang International Limited from August 8, 2008 to June 26, 2009. She was primarily responsible for our business development, corporate finance and investor relations activities. Ms. Wong Hung Flavia Yuen Yee resigned as director of Man Sang International Limited with effect from June 26, 2009.

Family Relationships

Mr. Cheng Chung Hing, Ricky and Mr. Cheng Tai Po are brothers. Other than the foregoing, there are no family relationships among the above name directors and executive officers of our company.

Board Composition

Our board of directors consists of five members.

We are a controlled company as defined in Section 801 of the NYSE Amex Company Guide. As a result, we are exempt from certain corporate governance requirements, including the requirement that a majority of the board of directors be independent and the requirement that we have a nominating/corporate governance committee. We do not have a nominating committee. However, notwithstanding that we are not required to have a board of directors comprising a majority of independent directors, we have determined that three of the members of the board of directors, Mr. Lai Chau Ming, Matthew, Mr. Wong Gee Hang, Henry and Mr. Tsui King Chung, Francis, who

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together constitute a majority of the board of directors, are independent within the meaning of Section 803A of the NYSE Amex Company and Rule 10A-3 under the Exchange Act.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires executive officers, directors and holders of more than 10% of Man Sang Nevada s common stock to file reports of ownership and changes in ownership on Forms 3, 4 and 5 with the SEC. The SEC requires officers, directors and greater than 10% beneficial owners to furnish Man Sang Nevada with copies of all Forms 3, 4 and 5 they file. We believe that for fiscal year 2008 and the nine months ended December 31, 2008, all reports required under Section 16(a) were timely filed. This is based on our review of copies of Forms 3, 4 and 5 that have been received and of written representations from certain persons that were not required to file a Form 5.

Upon the effective time of the liquidation, Man Sang BVI will be a foreign private issuer, as defined in Rule 3b-4 under the Exchange Act, and our officers, directors and 10% shareholders will be exempt from the reporting and short swing profit recovery provisions of Section 16 of the Exchange Act and the rules of the Exchange Act with respect to their purchases and sales of our securities.

Committees and Attendance of the Board of Directors

The below discussion relates to the committees of Man Sang Nevada, as required by the Exchange Act and NYSE Amex rules. Upon the effective time of the liquidation, Man Sang BVI will adopt the same committees currently in place for Man Sang Nevada.

Audit Committee

The audit committee is a separately-designated standing audit committee as defined in Section 3(a)(58)(A) of the Exchange Act. The audit committee oversees matters relating to financial reporting, internal controls, risk management and compliance. These responsibilities include appointing and overseeing the independent auditors, as well as reviewing their independence and evaluating their fees, reviewing financial information that is provided to our stockholders and others, reviewing with management our system of internal controls and financial reporting process and monitoring our compliance program and system. The audit committee also makes recommendations on improvements and conducts other duties as the board of directors may delegate.

The audit committee operates under a written charter, which sets forth the functions and responsibilities of the committee. A copy of our audit committee charter is posted on our website at www.man-sang.com.

The audit committee held six meetings during the fiscal year ended March 31, 2008 and six meetings during the fiscal year ended March 31, 2009. Mr. Wong Gee Hang, Henry serves as Chairman, and Mr. Lai Chau Ming, Matthew and Mr. Tsui King Chung, Francis are committee members. Mr. Wong has served as a director of our company since April 2005. Mr. Wong has over 30 years of experience in accounting, property investment and development and general management. Mr. Wong is the Managing Director of Marspeed Limited, a consultancy firm of property development, investment and management. Mr. Wong had been a member of senior management in a Hong Kong property developer for more than 15 years and is a full member of The Hong Kong Management Association. All the committee members are independent as defined in the applicable standards of the NYSE Amex.

The board of directors has, in its reasonable judgment, (1) determined that all members of the audit committee are financially literate, (2) determined that Mr. Wong Gee Hang, Henry, the Chairman of the audit committee, is qualified as an audit committee financial expert, within the meaning of SEC regulations, that he has accounting and related financial management expertise within the meaning of the listing standards of the NYSE Amex and Rule 10A-3 under the Exchange Act, and (3) determined that Mr. Lai, Mr. Wong and Mr. Tsui of the audit committee satisfy the definition of independent as established in the NYSE Amex corporate governance listing standards.

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With respect to fiscal year 2008, the audit committee has:

reviewed and discussed with our independent registered public accounting firm and with management the audited financial statements for the year ended March 31, 2008;

discussed with our independent registered public accounting firm the matters outlined in the Statement on Auditing Standards No. 61 (Codification of Auditing Standards AU §380), as may be modified or supplemented;

received the written disclosures and the letter from our independent registered public accounting firm required by Independence Standards Board Standard No. 1 (Independence Standards Board Standards No. 1, Independence Discussions with Audit Committees); and

discussed with our independent registered public accounting firm the independence of our independent registered public accounting firm.

Based on the audit committee s review and discussions noted above, the audit committee recommended to the board of directors that audited financial statements for the year ended March 31, 2008 be included in our annual report on Form 10-K for the year ended March 31, 2008.

With respect to the fiscal year ended March 31, 2009, the audit committee has:

reviewed and discussed with our independent registered public accounting firm and with management the audited financial statements for the year ended March 31, 2009;

discussed with our independent registered public accounting firm the matters outlined in the Statement on Auditing Standards No. 61 (Codification of Auditing Standards AU § 380), as may be modified or supplemented;

received the written disclosures and the letter from our independent registered public accounting firm required by Independence Standards Board Standard No. 1 (Independence Standards Board Standards No. 1, Independence Discussions with Audit Committees); and

discussed with our independent registered public accounting firm the independence of our independent registered public accounting firm.

Based on the audit committee s review and discussions noted above, the audit committee recommended to the board of directors that audited financial statements for the year ended March 31, 2009 be included in our annual report on Form 10-K for the year ended March 31, 2009.

The audit committee consists of:

Mr. Wong Gee Hang, Henry, Chairman;
Mr. Lai Chau Ming, Matthew; and
Mr. Tsui King Chung, Francis

Compensation Committee

Man Sang Nevada s compensation committee consists of Mr. Lai Chau Ming, Matthew as Chairman, and Mr. Wong Gee Hang, Henry and Mr. Tsui King Chung, Francis as committee members.

The compensation committee deliberates and stipulates the compensation policy for our company. Each year the compensation committee directs our company, through an internal committee consisting of the Chief Financial Officer, the executive directors and Manager of Human Resources and Administration, to prepare a compensation philosophy and strategy statement for the compensation of the executives and a proposed executive compensation framework for the year. When establishing the proposed compensation framework, in keeping with our goal of attracting, motivating, and retaining executives who will contribute to our long-term success and an increase in the value of our shares, the internal committee undertakes the review of comparative compensation offered by peer companies that may compete with our company for executive talent. The peer group we used for compensation comparison and analysis purposes includes companies with workforce sizes, revenues, assets, and market values within a certain range above and below our levels. The internal committee periodically reviews the comparative

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compensation