

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



MAN SANG INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 938)

CONTINUING CONNECTED TRANSACTIONS MASTER AGREEMENT IN RESPECT OF PROVISION OF PROPERTY MANAGEMENT SERVICES AND DECORATION AND RENOVATION ENGINEERING SERVICES

**Independent Financial Advisor to the Independent Board Committee
and the Independent Shareholders**



THE MASTER AGREEMENT

The Board is pleased to announce that on 24 February 2021 (after trading hours), the Company and Mr. Hu entered into the Master Agreement, pursuant to which the Group Companies shall provide the Services to Mr. Hu and the Mr. Hu Controlled Companies during the period commencing from 24 February 2021 (or upon fulfilment of all conditions precedent of the Master Agreement, whichever later) and ending on 31 March 2023 (both days inclusive) unless otherwise terminated.

LISTING RULES IMPLICATIONS

Mr. Hu is an executive Director and the ultimate controlling Shareholder of the Company and thus a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Master Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since one or more of the applicable percentage ratios (as set out in Rule 14.07 of the Listing Rules) calculated with reference to the annual caps under the Master Agreement exceed 5%, the transactions contemplated under the Master Agreement are subject to the reporting, announcement, circular, annual review and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

SGM

The Company will convene an SGM to seek the Independent Shareholders' approval on the Master Agreement and the transactions contemplated thereunder. Any other parties who are involved or interested in the Master Agreement shall abstain from voting on the relevant resolution(s) to be proposed at the SGM.

The Independent Board Committee comprising all its independent non-executive Directors has been formed by the Company to consider whether the terms of the Master Agreement and the transactions contemplated thereunder, including the annual caps, are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders in respect of the same. Gram Capital Limited has been appointed by the Company as independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

DESPATCH OF CIRCULAR

A circular containing, among other things, (i) further information relating to the Master Agreement; (ii) the advice of the Independent Financial Adviser in connection with the Master Agreement; (iii) the recommendation of the Independent Board Committee in connection with the Master Agreement; and (iv) a notice convening the SGM, is expected to be despatched to the Shareholders on or before 15 March 2021.

Shareholders and potential investors should note that the Master Agreement is subject to independent Shareholders' approval and therefore may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

THE MASTER AGREEMENT

The Board is pleased to announce that on 24 February 2021 (after trading hours), the Company and Mr. Hu entered into the Master Agreement, pursuant to which the Group Companies shall provide to Mr. Hu and the Mr. Hu Controlled Companies the Services during the period commencing from the 24 February 2021 (or upon fulfilment of all conditions precedent of the Master Agreement, whichever later) and ending on 31 March 2023 (both days inclusive) unless otherwise terminated.

The principal terms of the Master Agreement are set out below:

THE MASTER AGREEMENT

Date : 24 February 2021

Parties : (a) The Company; and
(b) Mr. Hu

Term	:	24 February 2021 (or upon fulfilment of all conditions precedent of the Master Agreement, whichever later) to 31 March 2023 (both days inclusive), subject to renewal and termination by the parties to the Master Agreement.
Conditions precedent	:	The effectiveness of the Master Agreement is conditional upon the Company having complied with the requirements under the Listing Rules in relation to continuing connected transactions, which include but are not limited to obtaining approval from the Independent Shareholders.
Services	:	Mr. Hu and the Mr. Hu Controlled Companies may from time to time engage the Group Companies to provide the Management Services and/or Renovation Services for their property management projects or decoration and renovation engineering projects.
Service fees and payment terms	:	The service fees payable by Mr. Hu or the Mr. Hu Controlled Companies to the Group Companies in respect of the Services shall be paid in accordance with the terms of each Individual Service Agreement.
Pricing principles	:	<p>The service fees for each Individual Service Agreement shall be determined according to the following general principles:</p> <p>(a) The final consideration shall be determined through procedures for tender and bidding. The procedures for tender and bidding refer to the processes of invitation for tender, bid submission, bid opening, bid evaluation and bid granting implemented by the tenderer and bidder pursuant to the relevant rules and regulations of the PRC.</p> <p>(b) The price in the Group Companies' tender shall be determined according to the scale of each project involving Management Services or Renovation Services and the prevalent market condition, with reference to comparable market prices of independent third party service providers.</p>

- (c) Where comparable market prices are not available, an agreed price shall be adopted, which shall be determined after arm's length negotiation between the parties to the contract. The agreed price is the price determined according to "reasonable costs of the project + reasonable market profit range". The expected profit margin of the services to be provided by the Group Companies to Mr. Hu or the Mr. Hu Controlled Companies shall be no less than the profit margin the Company charges an independent third party.
- (d) Relevant laws and regulations concerning specific requirements for the Services shall be strictly complied with.

Renewal : If the Company wishes to renew the Master Agreement for an extended term of three (3) financial years, the Company shall serve a written notice one (1) month prior to the expiration of the Term to Mr. Hu. The annual caps for such extended term and any other amendments or additions to the terms of the Master Agreement required in accordance with the Listing Rules shall be determined by both parties through amicable negotiation. If the Company does not serve a written notice to Mr. Hu, the Master Agreement shall be terminated automatically at the end of the Term.

Subject to compliance with relevant requirements of the Listing Rules, the Company may continue to renew the Master Agreement for periods of three (3) financial years in the same manner thereafter.

Termination : Save as expressly provided, neither party may terminate the Master Agreement prior to the expiration of the Term.

The circumstances under which either party may notify the other party by giving three (3) months' prior written notice for early termination include:

- (a) if the other party goes bankrupt, enters into liquidation or dissolution proceedings, ceases business or is unable to pay its due debts;
- (b) a force majeure event or unforeseeable situation occurs and continues for more than 180 days; and

- (c) the economic interest of any party is adversely and materially affected due to the changes in applicable laws or the Listing Rules, resulting in the failure to reach a mutual agreement on adjustment or implementation of any necessary adjustments within three (3) months between the parties.

PROPOSED ANNUAL CAPS AND BASIS FOR DETERMINATION

Having considered the factors set out below, the Directors propose that the annual cap for the Master Agreement for each of FY2021, FY2022 and FY2023 shall be RMB55,500,000.

The Directors have considered a number of factors including:

- (a) the signed Management Services agreements as disclosed in the Company's announcement dated 9 March 2020;
- (b) other Services agreements signed and/or to be signed between the Group Companies and the Mr. Hu Controlled Companies in FY2021 which shall come into effect after commencement of the Term;
- (c) the Services agreements that are currently in discussion and expected to be signed in FY2022;
- (d) the estimated revenue to be recognised based on the aforementioned existing Services agreements or Services agreement expected to be entered between the Group Companies and/or the Mr. Hu Controlled Companies;
- (e) the anticipated demand for the Services by Mr. Hu and the Mr. Hu Controlled Companies based on the existing property projects currently owned by or to be acquired by Mr. Hu and the Mr. Hu Controlled Companies in the PRC, which may need to be developed in the future and for which the Group Companies' services may be required;
- (f) the Group's business development plan and strategy to diversify the Group's revenue sources, streamline the Group's operations through acquisition of business or assets to create synergies with the Group's existing businesses and strengthen the overall business capability and competitive edge of the Group in the property development industry in the PRC;
- (g) a reasonable quota for the Group to enter into the Services agreement with the Mr. Hu Controlled Companies over the Term, which is expected to help the Group accumulate relevant experience and improve its goodwill and standing in the property development industry in the PRC, thereby achieving the Group's business development plan; and
- (h) a reasonable buffer for any upward adjustments on the service fees for the Services due to inflation or potential additional demand for the Services during the Term.

INTERNAL CONTROL

The Company will adopt the following internal control measures in connection with the continuing connected transactions under the Master Agreement:

1. The Company's management will regularly examine the relevant pricing terms and monitor industry practice on the provision of similar services to ensure that the terms of the Individual Service Agreements are fair and reasonable and no more favourable to the connected persons than those charged to independent third parties.
2. The Company's management will take proper records of the actual transaction amounts under the Individual Service Agreements and will review the aggregate transaction amounts on a regular basis to ensure that the annual caps will not be exceeded.
3. The Company will implement internal checks to ensure that the procedures of the connected transactions will conform with the internal control measures, the annual caps will be complied with and that pricing is consistent among the Individual Service Agreements by random inspection of the pricing terms, payment arrangements and actual transaction amounts.
4. The external auditors of the Company will conduct an annual review of the pricing and transaction amounts under the Individual Service Agreements.
5. The audit committee of the Company will annually review the transactions under the Individual Service Agreements and recommend any proposals to improve the internal control measures.
6. The independent non-executive Directors will annually review the implementation and enforcement of the internal control measures imposed on the Individual Service Agreements.

REASONS FOR AND BENEFITS OF ENTERING INTO THE MASTER AGREEMENT

Since around 2019, the Group has adopted a concrete expansion strategy to diversify revenue sources and create shareholders' value, in particular, by taking property development as the Group's core business and integrating upstream and downstream light assets businesses of the industrial chain, and to continuously explore opportunities to make investments and/or acquire businesses or projects that have promising outlooks and prospects.

Through the acquisitions of subsidiaries from Mr. Hu or his associates as disclosed in the Previous Announcements, the Group has been steadily acquiring new and improved resources, skills and technology, while at the same time increasing its project scale and staff size, with an aim to promote business growth and enhance the Group's goodwill in the property development industry as a whole. Notwithstanding such acquisitions, property development, investment and sales and leasing remain as the Group's principal business.

By entering into the Master Agreement, the Group can accumulate relevant experience and improve its reputation and goodwill in the Management Services and Renovation Services businesses through transactions with the Mr. Hu Controlled Companies on large scale and noteworthy projects, which would also bring stable income, reinforce the Group's revenue stream and cash flow, and facilitate the future development plan of the Group. The Master Agreement could bring about significant synergy effect and further promote the business growth of the Group in the property development industry in the long run.

The Directors (excluding the independent non-executive Directors whose views will be set out in the circular to be despatched to the Shareholders) are of the view that the Master Agreement is entered into in the ordinary and usual course of business of the Group and the terms as contained in the Master Agreement are normal or better commercial terms, which are arrived at after arm's length negotiations between the parties, and that the proposed annual cap and the terms of the Master Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES

The Company and the Group

The Company is incorporated in Bermuda with limited liability and the Shares are listed on the Main Board of the Stock Exchange. The Group has been principally engaged in property development and investment which covers development, sales and leasing of properties, and has recently expanded its business to include property management, decoration, renovation and construction services upon the Group's acquisition of new subsidiaries earlier this year.

Mr. Hu and the Mr. Hu Controlled Companies

Mr. Hu is an executive Director and the ultimate controlling Shareholder of the Company. The Mr. Hu Controlled Companies are engaged in numerous businesses across various industries, such as the real estate, construction and hotel development and management industries.

LISTING RULES IMPLICATIONS

Mr. Hu is an executive Director and the ultimate controlling Shareholder of the Company and thus a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Master Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since one or more of the applicable percentage ratios (as set out in Rule 14.07 of the Listing Rules) calculated with reference to the annual caps under the Master Agreement exceed 5%, the transactions contemplated under the Master Agreement are subject to the reporting, announcement, circular, annual review and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

SGM

The Company will convene an SGM to seek Independent Shareholders' approval on the Master Agreement and the transactions contemplated thereunder. Any other parties who are involved or interested in the Master Agreement will abstain from voting on the relevant resolution(s) to be proposed at the SGM.

The Independent Board Committee comprising all its independent non-executive Directors has been formed by the Company to consider whether the terms of the Master Agreement and the transactions contemplated thereunder, including the annual caps, are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders in respect of the same. Gram Capital Limited has been appointed by the Company as independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

DESPATCH OF CIRCULAR

A circular containing, among other things, (i) further information relating to the Master Agreement; (ii) the advice of the Independent Financial Adviser in connection with the Master Agreement; (iii) the recommendation of the Independent Board Committee in connection with the Master Agreement; and (iv) a notice convening the SGM, is expected to be despatched to the Shareholders on or before 15 March 2021.

Shareholders and potential investors should note that the Master Agreement is subject to independent Shareholders' approval and therefore may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“Board”	the board of Directors of the Company
“Company”	Man Sang International Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 938)
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“FY2021”	the financial year ending 31 March 2021
“FY2022”	the financial year ending 31 March 2022
“FY2023”	the financial year ending 31 March 2023
“Group”	the Company and its subsidiaries
“Group Companies”	the companies within the Group , including but not limited to Huiyong Property Management and Wenzhou Beichen, each a “Group Company”
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region
“Huiyong Property Management”	Zhejiang Huiyong Property Management Service Co., Ltd.* (浙江暉永物業管理服務有限公司), formerly known as Zhejiang Doof Property Management Services Co., Ltd.* (浙江多弗物業管理服務有限公司), an indirect wholly-owned subsidiary of the Company
“Independent Board Committee”	an independent committee of the Board comprising all its independent non-executive Directors, namely Ms. Pau Yee Ling, Mr. Wong Kwan Kit and Mr. Yuen Hoi Po, established for the purpose of advising the Independent Shareholders on the Master Agreement and the transactions contemplated thereunder
“Independent Financial Adviser”	Gram Capital Limited, a corporation licensed to carry on Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser appointed by the Company for the purpose of advising the Independent Board Committee and the Independent Shareholders in respect of the continuing connected transactions (including the annual caps) under the Master Agreement
“Independent Shareholders”	the Shareholders, other than those required under the Listing Rules to abstain from voting on the resolution(s) to be proposed at the SGM, to approve the Master Agreement and the transactions contemplated thereunder
“Individual Service Agreement(s)”	the separate individual agreements to be entered between a Group Company and Mr. Hu or the Mr. Hu Controlled Companies for the provision of Services pursuant to the Master Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Management Services”	Property management services, which include all services relating to the management, maintenance, operation, service and repair in connection with real properties
“Master Agreement”	the master agreement in respect of the provision of the Management Services and Renovation Services entered into between the Company and Mr. Hu dated 24 February 2021
“Mr. Hu”	Mr. Hu Xingrong, an executive Director and the ultimate controlling Shareholder of the Company
“Mr. Hu Controlled Companies”	Mr. Hu’s direct or indirect wholly owned or 30%-controlled companies (as defined in the Listing Rules)

“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes, Hong Kong, the Macau Special Administrative Region and Taiwan
“Previous Announcements”	the Company’s announcements dated 13 December 2019, 9 March 2020, 8 May 2020, 21 May 2020, 14 July 2020 and 30 October 2020
“Renovation Services”	Decoration and renovation engineering services, which include all construction services relating to demolition, procurement, design, decoration and renovation and inspection in connection with construction projects
“RMB”	Renminbi, the lawful currency of the PRC
“Services”	collectively, the Management Services and Renovation Services
“SGM”	the special general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving, among other things, the Master Agreement
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Term”	24 February 2021 (or upon fulfilment of all conditions precedent of the Master Agreement, whichever later) to 31 March 2023 (both days inclusive), subject to renewal and termination by the parties to the Master Agreement
“Wenzhou Beichen”	Wenzhou Beichen Construction Co., Ltd.* (溫州北宸建設有限公司), an indirect wholly-owned subsidiary of the Company
“%”	Percent

* For identification purposes only

By Order of the Board
Man Sang International Limited
Hu Xingrong
Chairman

Hong Kong, 24 February 2021

As at the date of this announcement, the executive Directors are Mr. Hu Xingrong (Chairman), Mr. Huang Xiaohai, Mr. Jin Jiangui, Mr. Li Zhenyu and Mr. Xu Haohao; and the independent non-executive Directors are Ms. Pau Yee Ling, Mr. Wong Kwan Kit and Mr. Yuen Hoi Po.