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If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Man Sang International Limited, you should at once hand this circular, together with the accompanying form of proxy to the purchaser(s) or the transferee(s), or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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 AND NOTICE OF SPECIAL GENERAL MEETING

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



A notice convening a special general meeting of Man Sang International Limited to be held at Suite 2703, 27/F., Shui On Centre, Nos. 6-8 Harbour Road, Wanchai, Hong Kong on Wednesday, 31 March 2021 at 5:00 p.m. is set out on pages SGM-1 to SGM-2 of this circular. A form of proxy for use at the special general meeting is also enclosed with this circular. Such form of proxy is also published on the websites of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk and the Company at www.msil.com.hk.

Whether or not you are able to attend the special general meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as practicable and in any event not later than 48 hours before the time appointed for holding the special general meeting, or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the special general meeting or any adjourned meeting (as the case may be) should you so wish. In such event, the instrument appointing a proxy shall be deemed revoked.

PRECAUTIONARY MEASURES

Please see page 1 of this circular for measures being taken to try to prevent and control the spread of the Novel Coronavirus (COVID-19) at the special general meeting, which will include:

- compulsory body temperature checks
- submission of health declaration form, which may be used for contact tracing, if required
- compulsory wearing of surgical face masks for each attendee
- no distribution of corporate gifts or refreshments

Any person who does not comply with the precautionary measures or is subject to any Hong Kong Government prescribed quarantine may be denied entry into the venue of the special general meeting. The Company also encourages its shareholders to consider appointing the chairman of the meeting as its/his/her proxy to vote on the relevant resolutions at the special general meeting as an alternative to attending the meeting in person. Subject to the development of COVID-19, the Company may implement further changes and precautionary measures and may issue further announcement on such measures as appropriate.

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PRECAUTIONARY MEASURES FOR THE SPECIAL GENERAL MEETING

In view of the ongoing Novel Coronavirus (“**COVID-19**”) pandemic and recent requirements, if any, for prevention and control of its spread, the Company will implement the following preventive measures at its special general meeting (“**SGM**”):

- (i) Compulsory body temperature check will be conducted on every shareholder, proxy and other attendee at the entrance of the SGM venue. Any person with a body temperature of over 37.3 degrees Celsius may be denied entry into the SGM venue and be asked to leave the SGM venue.
- (ii) Shareholders that (a) have travelled, and have been in close contact with any person who has travelled, outside of Hong Kong (as per guidelines issued by the Hong Kong government at www.chp.gov.hk/en/features/102742.html) at any time in the preceding 14 days; (b) are, and have been, in close contact with any person who is, subject to any Hong Kong Government prescribed compulsory quarantine (including home quarantine); (c) are, and have been, in close contact with anyone who has contracted COVID-19, has been tested preliminarily positive of COVID-19 or is suspected of contracting COVID-19; or (d) have any flu-like symptoms, may be denied entry into the SGM venue and be asked to leave the SGM venue.
- (iii) All shareholders, proxies and other attendees are required to (i) fill in and submit health declaration form with information including travelling record and health condition; and (ii) wear surgical face masks inside the SGM venue at all times. Any person who does not comply with these requirements may be denied entry into the SGM venue and be asked to leave the SGM venue.
- (iv) No refreshments will be served, and there will be no corporate gifts. Seating will be arranged to ensure adequate physical distancing between attendees in order to reduce person-to-person contact.

To the extent permitted under the laws of Hong Kong, the Company reserves the right to deny entry into the SGM venue or require any person to leave the SGM venue in order to ensure the safety of the attendees at the SGM.

In the interest of all stakeholders’ health and safety and consistent with recent COVID-19 guidelines for prevention and control, the Company reminds all shareholders that physical attendance in person at the SGM is not necessary for the purpose of exercising voting rights. As an alternative to attending the meeting in person, shareholders are encouraged to consider appointing the chairman of the SGM as their proxy to vote on the relevant resolutions at the SGM by submitting forms of proxy with voting instructions inserted.

The form of proxy is attached to this circular for shareholders who opt to receive printed copies of the Company’s corporate communications. Alternatively, the form of proxy can be downloaded from the Company’s website at www.msil.com.hk and the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk. If you are not a registered shareholder (if your shares are held via banks, brokers, custodians or the Hong Kong Securities Clearing Company Limited), you should consult directly with your banks or brokers or custodians (as the case may be) to assist you in the appointment of proxy.

DEFINITIONS

In this circular, the following terms have the meanings set forth below unless the context requires otherwise:

“Announcement”	the announcement published by the Company on 24 February 2021 in respect of the Master Agreement
“Articles of Association”	the articles of association of the Company
“Board”	the board of Directors of the Company
“Business Day(s)”	any day (excluding Saturday and Sunday and public holidays) on which licensed banks in Hong Kong are generally open for business in Hong Kong
“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 to it in 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 dollars, the lawful currency in Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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

DEFINITIONS

“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” or “Gram Capital”	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
“JPY”	Japanese Yen, the lawful currency of Japan
“Latest Practicable Date”	10 March 2021, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Management Segment”	the Group’s Management Services business
“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)

DEFINITIONS

“PRC”	the People’s Republic of China, which for the purpose of this circular excludes, Hong Kong, the Macau Special Administrative Region and Taiwan
“Property Segment”	the Group’s principal business of property development, investment and sales and leasing
“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 Segment”	the Group’s Renovation Services business
“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
“SFC”	the Securities and Futures Commission of Hong Kong
“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
“Share(s)”	the ordinary share(s) of HK\$0.50 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“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

The names of entities marked with “” for which no official translation exists are unofficial translations for identification purpose only and should not be regarded as their official translation.*

LETTER FROM THE BOARD



MAN SANG INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 938)

Executive Directors:

Mr. HU Xingrong
Mr. HUANG Xiaohai
Mr. JIN Jianggui
Mr. LI Zhenyu
Mr. XU Haohao

Registered office:

Clarendon House 2
Church Street
Hamilton HM 11
Bermuda

Independent non-executive Directors:

Ms. PAU Yee Ling
Mr. WONG Kwan Kit
Mr. YUEN Hoi Po

Principal place of business in Hong Kong:

Unit WF, 25th Floor
Eight Commercial Tower
8 Sun Yip Street
Chai Wan, Hong Kong

15 March 2021

To the Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS
MASTER AGREEMENT IN RESPECT OF PROVISION OF
PROPERTY MANAGEMENT SERVICES
AND
DECORATION AND RENOVATION ENGINEERING SERVICES
AND
NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

Reference is made to the Announcement.

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. The term of the Master Agreement will commence on 24 February 2021 (or upon fulfilment of all conditions precedent of the Master Agreement, whichever later) and end on 31 March 2023 (both days inclusive) unless otherwise terminated earlier or renewed in accordance with the Master Agreement.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (i) further details of the Master Agreement; (ii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iii) the recommendation from the Independent Board Committee to the Independent Shareholders; (iv) the notice of the SGM; and (v) other information as required under the Listing Rules.

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, including but not limited to obtaining approvals from the Board, the Independent Board Committee and the Independent Shareholders in connection with the Master Agreement and transactions contemplated thereunder.

Services

During the term of the Master Agreement, 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, for which Individual Service Agreements shall be entered.

The Services to be provided shall be subject to (i) the Group Companies complying with all applicable local laws, rules and regulations; and (ii) the Group Companies making full use of its brand and resources and maximising the value created for shareholders and employees of both the Group Companies and the Mr. Hu Controlled Companies.

LETTER FROM THE BOARD

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 separately agreed and paid in accordance with the terms of each Individual Service Agreement.

Based on past Management Services agreements and Renovation Services agreements entered between the Group Companies and the Mr. Hu Controlled Companies, the standard payment terms are roughly as follows:

Management Services agreements

The service provider shall calculate the fees incurred monthly with the service recipient, according to the actual working hours of the relevant month. All parties shall confirm the fee of the relevant month before the 5th day of the following month, and payment shall be made before the 15th day of that following month.

Renovation Services agreements

The contract is a fixed unit price contract and subject to amendments in accordance with relevant project requirements and actual amount of work done during the contract period. The fee shall be paid in two instalments; the first instalment within one month of the date of the agreement and the second instalment within 15 days upon the completion of the project.

Pricing principles

The service fees for each Individual Service Agreement for both Management Services and Renovation Services shall be determined according to the following general principles:

- (a) The final consideration shall generally 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, in particular, the Tender and Bidding Law of the People's Republic of China (《中華人民共和國招標投標法》).
- (b) While the Group generally prefers an approach which brings greater profit to the Group, the tenderer is often more cost conscious, and will include their preferred approach in the tender documents. If the Group considers the profitability of a particular project to be comparatively low, the Group will not participate in the tender.
- (c) If the Group Companies intend to bid for a project, the costs department of such Group Company will first evaluate the cost and price of the project, form a plan, then submit the same to the management of the Company for approval. If approved, the Group Company will prepare the bidding documents based on the requirements set by the tenderer.

LETTER FROM THE BOARD

- (d) 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.
- (e) In permitted cases where the tender process is not required, 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, while the service fees shall also be no less favourable to the Group Companies than terms available to independent third parties with whom the Mr. Hu Controlled Companies transact.
- (f) Relevant laws and regulations concerning specific requirements for Management Services and Renovation Services, including in particular, the Property Management Regulations (《物業管理條例》) and the Construction Law of the People's Republic of China (《中華人民共和國建築法》) shall be strictly complied with.

According to the Property Management Regulations (《物業管理條例》), real property developers are encouraged to appoint their property management services provider by way of tender. If there are less than three bidders, or if the project concerns a residential property of a smaller scale, subject to obtaining approval from the local or provincial real estate administrative department, the appointment may be conducted by means of agreement.

According to the Tender and Bidding Law of the People's Republic of China (《中華人民共和國招標投標法》), the tender process is mandatory for certain construction projects such as large scale infrastructure or projects concerning public interests. In practice, certain developers will invite bids for Renovation Services despite it not being mandatory, in which case the rules and requirements under the Tender and Bidding Law of the People's Republic of China (《中華人民共和國招標投標法》) shall apply. Otherwise, the Construction Law of the People's Republic of China (《中華人民共和國建築法》) provides that service providers may be directly contracted but parties shall conclude their respective rights and obligations in writing.

As prices for Management Services and Renovations Services for property projects of different type, scale and location differ greatly, it is not commercially practical for the parties to agree on an indicative range for the fees or profit to be charged for the Individual Service Agreements. Instead, whether through bidding or through negotiating an agreed fee with the Mr. Hu Controlled Companies, the price shall be determined by coordinating market factors, including but not limited to (i) the type and location of the property, (ii) the Group's budgeted costs, (iii) the contracted scope of services and standard, (iv) the Group's brand recognition in the relevant city, and (v) relevant government-guided price, and should be in any event no more favourable to the terms and prices of the Services provided by the Group to independent third parties, and no less favourable to the Group than terms and prices made available by the Mr. Hu Controlled Companies to independent third parties.

LETTER FROM THE BOARD

The government-guided price refers to the pricing range or level provided by the central government, provincial government, local government, industry associations or other competent authorities for Management Services, which price will be determined by the parties through negotiations with reference to the pricing range or level. The Company will keep track of related updates of relevant government-guided prices.

Along with the government-guided price, the Company will make reference to any available market price, which refers to the then bid-winning price charged by third party service providers which offer the same type of services under normal commercial terms in the ordinary and usual course of business at or near the area where the project concerned are provided, taking into account specific factors such as project scale, technical difficulties, construction period, labour costs.

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 service 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.

LETTER FROM THE BOARD

PROPOSED ANNUAL CAPS AND BASIS FOR ANNUAL CAPS

Having considered the factors set out below, the Directors propose that the annual cap for the provision of Management Services and Renovation Services under the Master Agreement for the following respective financial years shall be as follows:

	FY2021	FY2022	FY2023
		<i>RMB</i>	
Management Services	10,500,000	10,500,000	10,500,000
Renovation Services	<u>45,000,000</u>	<u>45,000,000</u>	<u>45,000,000</u>
Total	<u><u>55,500,000</u></u>	<u><u>55,500,000</u></u>	<u><u>55,500,000</u></u>

The Directors have determined the annual caps on the basis of and with reference to a number of factors including:

- (a) the signed Management Services agreements as disclosed in the Company's announcement dated 9 March 2020 (based on the existing terms of such agreements without taking into account possible renewals, one of them will require the annual caps for FY2021 and FY2022, one of them will require the annual cap for FY2022 and one of them will require the annual cap for FY2023), specifically (please see the Company's announcement dated 9 March 2020 for further particulars and definitions):

(i) **Property service contract with Guangan Zhongcheng**

Date of agreement:	14 June 2019
Effective period:	1 April 2020 to 31 March 2022
Commencement of service (expected):	December 2021 (expected completion of construction of Guangan Property)
Expected contribution to annual caps:	FY2021: Nil
	FY2022: RMB2,300,000
	FY2023: Nil

LETTER FROM THE BOARD

(ii) Property service contract for the sale office with Fujian Anda

Date of agreement:	28 June 2019
Effective period:	15 June 2019 to 14 June 2021
Commencement of service (expected):	15 June 2019
Expected contribution to annual caps:	FY2021: RMB1,600,000
	FY2022: RMB300,000
	FY2023: Nil

(iii) Property service contract for the Fujian Property with Fujian Anda

Date of agreement:	25 September 2019
Effective period:	25 June 2022 to 24 June 2025
Commencement of service (expected):	June 2022 (expected completion of construction of Fujian Property)
Expected contribution to annual caps:	FY2021: Nil
	FY2022: Nil
	FY2023: RMB2,900,000

- (b) other Services agreements signed between the Group Companies and the Mr. Hu Controlled Companies in FY2021 which shall come into effect after commencement of the Term (which include three Management Services agreements requiring the annual caps for FY2021 and FY2022, one Management Services agreement requiring the annual caps for FY2021, FY2022 and FY2023, and two Renovation Services agreements requiring the annual cap for FY2021), contributing aggregate project sums of approximately RMB6.6 million to the annual cap for FY2021, RMB7.8 million to the annual cap for FY2022 and RMB895,000 to the annual cap for FY2023;
- (c) other Services agreements between the Group Companies and the Mr. Hu Controlled Companies to be entered immediately upon approval of the Master Agreement (which include one Management Services agreement requiring the annual cap for FY2021 and FY2022 and two Renovation Services agreements requiring the annual cap for FY2021), contributing aggregate project sums of approximately RMB45.3 million to the annual cap for FY2021;

LETTER FROM THE BOARD

- (d) the one Renovation Services agreement for each of FY2022 and FY2023 (which are supplemental contracts) that are currently in discussion and expected to be signed in FY2022 and FY2023, requiring the annual caps for FY2022 and FY2023 respectively, contributing aggregate project sums of approximately RMB30 million to the annual caps for each of FY2022 and FY2023;
- (e) 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 the Mr. Hu Controlled Companies;
- (f) the anticipated demand for the Services by Mr. Hu and the Mr. Hu Controlled Companies based on the existing property projects currently owned by Mr. Hu and/or the Mr. Hu Controlled Companies in the PRC (including 2 in Shandong, 1 in Zhejiang, 1 in Jiangsu, 1 in Chongqing, 1 in Shaanxi, 1 in Hubei and 1 in Sichuan) or other property projects to be acquired by Mr. Hu and/or the Mr. Hu Controlled Companies, which may or may not need to be developed in the future and for which the Group Companies' Services may be required;
- (g) possible supplemental contracts relating to Renovation Services that may contribute to the annual caps for FY2022 and FY2023, which, even if relating to the same property (but usually a different part of the property) will be separately negotiated and agreed upon between the parties and contain separate terms and conditions, with the initial or original Renovation Services agreement relating to the same property remaining non-recurring and non-continuing;
- (h) the capabilities and qualifications of the Group Companies, that the Group Companies are gradually expanding in terms of staff and resource size in order to increase the scale and number of projects to be undertaken, but also accounting for the fact that both the Management Services and Renovation Services businesses operate on a project basis, meaning new staff and resources can be hired or obtained according to the needs of specific projects;
- (i) 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;
- (j) a reasonable quota for the Group to enter into the same amount of projects with the Mr. Hu Controlled Companies in each of FY2021, FY2022 and FY2023, namely quotas of approximately RMB13 million and RMB19 million available for each of FY2022 and FY2023 to match the expected annual cap to be used in FY2021, including any supplemental contracts for Renovation Services, which is expected to help the Group accumulate relevant experience and improve its goodwill and standing in the property development in the industry in the PRC, thereby achieving the Group's business development plan; and
- (k) a reasonable buffer of around RMB2 million to RMB2.5 million for any upward adjustments on the service fees for the Services due to inflation or potential additional demand for the Services during the Term.

LETTER FROM THE BOARD

INTERNAL CONTROL MEASURES REGARDING CONTINUING CONNECTED TRANSACTIONS

In order to safeguard the interests of the Company and the Shareholders as a whole, the Company will adopt the following internal control measures in connection with the continuing connected transactions under the Master Agreement:

- (a) In order to maintain good corporate governance in protection of the Shareholders' interests as well as to resolve actual and/or potential conflict of interests among the Company, Mr. Hu shall abstain from voting on any relevant resolutions in relation to the Master Agreement at Board meetings.
- (b) As each Individual Service Agreement is required to be approved by the Company's management, the Company's management will examine the relevant pricing terms therein, with reference to industry practice on the provision of similar services which it will monitor on a monthly basis, 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.
- (c) With reference to the different bases for Management Services and Renovation Services for determining the contribution to the annual cap for a financial year (generally, for Management Services, contribution to the annual cap is based on the number of months in the financial year for which the services are provided, whereas for Renovation Services, the contract sum of each agreement contributes fully to the annual cap of the financial year in which it is entered), the Company's management will take proper records of the actual service fees derived and actual transaction amounts under the Individual Service Agreements, and will review the aggregate transaction amounts on a monthly basis to ensure that the annual caps will not be exceeded.
- (d) If the annual caps are expected to be exceeded, the Company will re-comply with all applicable requirements under the Listing Rules, including (where required) the obtaining of approval by Independent Shareholders, before the annual caps are exceeded, and shall withhold approving Individual Service Agreements before such re-compliance.
- (e) 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.
- (f) The external auditors of the Company will conduct an annual review of the compliance with the pricing policies in the Master Agreement and transaction amounts under the Individual Service Agreements to ensure that the annual caps are not exceeded.
- (g) 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.

LETTER FROM THE BOARD

- (h) The independent non-executive Directors will annually review the implementation and enforcement of the internal control measures imposed on the Individual Service Agreements and provide annual confirmations that the transactions are entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better and the terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole in the Company's annual report.
- (i) Upon expiry of the annual caps or where the Master Agreement is renewed or if there is a material change to its terms, the Company will re-comply with all applicable requirements under the Listing Rules, including (where required) the obtaining of approval by the Independent Shareholders.

REASONS FOR AND BENEFITS OF ENTERING INTO THE MASTER AGREEMENT

The Group's development plans

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, the Property Segment, i.e. property development, investment and sales and leasing, remain as the Group's principal business.

Expected growth in the Property Segment

Based on the Company's preliminary assessments, with reference to the Company's existing and anticipated projects, the Property Segment is expected to experience an annual growth in revenue of no less than 10% (as compared to approximately 2-3% for each of the Management Segment and Renovation Segment) for the next few years.

Revenue attributable to the Property Segment is mainly derived from:

- (i) The sale of residential apartments, lease of serviced apartments and lease of shopping mall units in the Chongqing Property. The development of the Chongqing Property has gradually been completed and all residential apartments are up for sale and all serviced apartments are up for lease. Given the current less favoured economic environment, and the travel restrictions resulted from the COVID-19 pandemic, no significant growth rate is expected in these areas. The first three retail floors of the shopping mall in the Chongqing Property have also started trial operation in around September 2020 and more revenue is expected to be derived therefrom in the future.

LETTER FROM THE BOARD

- (ii) The business operations of the hotel and golf course in Hokkaido, Japan. While the COVID-19 pandemic continues to impact the global tourism industry, the Company anticipates that tourism will gradually recover by FY2023. Accompanied by the Group's plans to refurbish and enhance facilities to improve its general occupancy rate, the Company expects that a significant increase in revenue will be generated therefrom.

In the future, revenue is also expected to be generated from the Lanzhou Properties, development of which is expected to be completed by the end of 2023. Please refer to the Company's announcement dated 12 January 2021 for details of the Group's acquisition of 51% in the holding company of the Lanzhou Properties. Further, the Company's business plans for the Property Segment also includes making investments and/or acquiring business or projects that have promising outlooks and prospects, including for example, the acquisition and development/redevelopment of other landed properties.

Expansion of the Management Segment and Renovation Segment

The Group has recently acquired Wenzhou Junshang Decoration Co., Ltd.* (溫州君尚裝飾有限公司), which is the holding company of Wenzhou Beichen, which provides the Group's Renovation Services, and Huiyong Property Management, which provides the Group's Management Services.

Wenzhou Beichen was incorporated on 16 March 2017, and obtained the First-class Construction & Decoration Engineering Contractor (建築裝修裝飾工程專業承包一級) Qualification Certificate in April 2018. With said qualification certificate, Wenzhou Beichen is able to take on larger scale residential and commercial property projects, such as hotels and sportsgrounds, over time. After being acquired by the Group, Wenzhou Beichen has begun to actively participate in the bidding of new projects. The Company anticipates that the success rate of such bidding will increase progressively given the fact that Wenzhou Beichen has become a part of a Hong Kong listed company.

Similarly, Huiyong Property Management was recently recognised as one of the "2020 Top 100 Property Management Companies in China" by the China Index Academy, and the Company is confident that the Group's Management Segment will expand steadily in due course with such credentials.

By entering into the Master Agreement, the Group can accumulate relevant experience and improve its reputation and goodwill in the Management Segment and Renovation Segment 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 as a whole in the long run.

The Directors (excluding the independent non-executive Directors whose views are set out on pages 19 to 20 of this circular) are therefore 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 on normal or better commercial terms, which are arrived at after arm's length negotiations between the parties, and that the proposed annual caps 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.

LETTER FROM THE BOARD

Relationship with and reliance on Mr. Hu

Based on the Company's current estimations, it expects that the percentage of revenue generated from the transactions under the Master Agreement within the Term will range from approximately 30% to 35% of the total revenue of Company, which is expected to decrease year by year. With the Management Segment and Renovation Segment expanding and the Group's standing and competitiveness in the property development industry strengthening, the Company expects that revenue to be generated from independent third parties will increase steadily over time, and therefore reliance on transactions with Mr. Hu and/or the Mr. Hu Controlled Companies in these segments will be minimised.

The Board is thus of the view that, considering the Company's forward looking expectations, the Company does not and should not be considered to have significant reliance on Mr. Hu and/or the Mr. Hu Controlled Companies, and that the Company will continue to remain sustainable as a business and able to operate on a stand-alone basis. The Board will also assess, on a regular basis, the operations of the Management Segment and Renovation Segment, to ensure that the Group is taking all necessary actions to obtain businesses from independent third parties, and to ensure that the ratio of transactions with Mr. Hu and/or the Mr. Hu Controlled Companies is reasonable. Mr. Hu has also indicated that he does not currently have any intention to inject any or parts of his businesses into the Company.

The Board wishes to stress that any revenue estimations or forecast contained in this section is preliminary and based solely on reasonable projections for the anticipated growth in the Group, conducted by the Company's management by adopting a prudent approach, and is for reference only. The Company's business operations and financial position may differ in the future. Shareholders and investors generally should exercise caution when relying on the estimations or forecast in this section.

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.

LETTER FROM THE BOARD

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 proposed 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.

The Company and Mr. Hu and/or the Mr. Hu Controlled Companies have entered into certain agreements for the provision of Management Services and Renovation Services prior to the Master Agreement. The Company has complied with the requirements under Chapter 14 of the Listing Rules for said agreements and the aggregate amount of said agreements has not exceeded the threshold requiring Independent Shareholders' approval under Chapter 14A of the Listing Rules. The Company will ensure such threshold will not be exceeded before obtaining Independent Shareholders' approval for the Master Agreement at the SGM.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 13.39(6) of the Listing Rules, the Company has established the Independent Board Committee comprising all its independent non-executive Directors, namely Ms. Pau Yee Ling, Mr. Wong Kwan Kit and Mr. Yuen Hoi Po to advise the Independent Shareholders on the fairness and reasonableness of the Master Agreement and the transactions contemplated thereunder. None of the members of the Independent Board Committee has any interest or involvement in the transactions contemplated under the Master Agreement.

Gram Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the Master Agreement and the transactions contemplated thereunder. The appointment of Gram Capital as the Independent Financial Adviser has been approved by the Independent Board Committee.

SGM

The SGM will be convened by the Company at Suite 2703, 27/F., Shui On Centre, Nos. 6-8 Harbour Road, Wanchai, Hong Kong on 31, March at 5:00 p.m. for the purposes of considering, and if thought fit, approving the Master Agreement and the transactions contemplated thereunder (including the proposed annual caps).

The notice of SGM is set out on pages SGM-1 to SGM-2 of this circular. A proxy form for use at the SGM is enclosed herewith. Whether or not you are able to attend the SGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the offices of the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time fixed for the SGM. The completion and delivery of a form of proxy will not preclude you from attending and voting at the SGM in person.

LETTER FROM THE BOARD

CONNECTED PERSONS REQUIRED TO ABSTAIN FROM VOTING

As Mr. Hu, the chairman and an executive Director of the Company, has material interests in the Master Agreement, he has abstained from voting on the relevant Board resolutions approving the Master Agreement and the transactions contemplated thereunder. No other Directors have material interests in the Master Agreement or were required to abstain from voting on the relevant Board resolutions.

Pursuant to Rule 14A.36 of the Listing Rules, any Shareholder with a material interest in the Master Agreement and the transactions contemplated thereunder is required to abstain from voting on the relevant resolutions at the SGM.

As at the Latest Practicable Date, Mr. Hu is interested in 272,327,671 Shares, representing 61.58% of the issued share capital of the Company, and will abstain from voting on the proposed resolutions to approve the Master Agreement and the transactions contemplated thereunder.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Shareholder has any material interest in the Master Agreement and the transactions contemplated thereunder, and therefore no other Shareholder is required to abstain from voting at the SGM in respect of the resolutions approving the aforesaid matters, and there is (i) no voting trust or other agreement or arrangement or understanding entered into by or binding upon any Shareholders; and (ii) no obligation or entitlement of any Shareholder as at the Latest Practicable Date, whereby it/he has or may have temporarily or permanently passed control over the exercise of the voting right in respect of its/his Shares to a third party, either generally or on a case-by-case basis.

RECOMMENDATION

The Independent Board Committee, having considered the advice of the Independent Financial Adviser and the relevant information contained in the Letter from the Board, considers that the proposed annual caps and the terms of the Master Agreement, are fair and reasonable so far as the Independent Shareholders are concerned, and that the Master Agreement is entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolutions to be proposed for approving the Master Agreement and the transactions contemplated thereunder (including the proposed annual caps) at the SGM.

ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee, the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders and the additional information contained in the appendix to this circular.

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.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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

15 March 2021

To the Independent Shareholders

Dear Sir or Madam,

We refer to the circular issued by the Company to the Shareholders dated 15 March 2021 (the “**Circular**”) of which this letter forms part. Terms defined in the Circular shall have the same meanings when used in this letter unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to advise you as to whether the Master Agreement and the transactions contemplated thereunder, including the proposed annual caps, are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and its Shareholders as a whole.

Gram Capital has been appointed as the Independent Financial Adviser to provide advice and recommendation to the Independent Board Committee and the Independent Shareholders in respect thereof. We wish to draw your attention to the “Letter from the Board” and the “Letter from Gram Capital” set out in the Circular, as well as the additional information set out in the appendix to the Circular.

Having considered the Master Agreement and the transactions contemplated thereunder, including the proposed annual caps, the principal factors and reasons considered by, and the advice of, Gram Capital set out in its letter of advice, we consider that the terms of the Master Agreement and the transactions contemplated thereunder, including the proposed annual caps, are fair and reasonable so far as the Independent Shareholders are concerned, and that the Master Agreement is entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions approving the Master Agreement, the transactions contemplated thereunder and the proposed annual caps at the SGM.

Yours faithfully,

For and on behalf of
the Independent Board Committee of
Man Sang International Limited
Mr. Wong Kwan Kit
Independent non-executive Directors

Ms. Pau Yee Ling

Mr. Yuen Hoi Po

LETTER FROM GRAM CAPITAL

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the CCTs for the purpose of inclusion in this circular.



Room 1209, 12/F.
Nan Fung Tower
88 Connaught Road Central/
173 Des Voeux Road Central
Hong Kong
15 March 2021

*To: The independent board committee and the independent shareholders
of Man Sang International Limited*

Dear Sirs,

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

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the continuing connected transactions under the Master Agreement (the “CCTs”), details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 15 March 2021 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

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. The term of the Master Agreement will commence on 24 February 2021 (or upon fulfilment of all conditions precedent of the Master Agreement, whichever later) and end on 31 March 2023 (both days inclusive) unless otherwise terminated earlier or renewed in accordance with the Master Agreement.

With reference to the Board Letter, 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 (i.e. the CCTs) constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules and are subject to the reporting, announcement, circular, annual review and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM GRAM CAPITAL

The Independent Board Committee comprising Ms. PAU Yee Ling, Mr. WONG Kwan Kit and Mr. YUEN Hoi Po (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the CCTs are fair and reasonable; (ii) whether the CCTs are of normal commercial terms and in the ordinary and usual course of business of the Company, and are in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the resolutions to approve the Master Agreement and the CCTs at the SGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

INDEPENDENCE

During the past two years immediately preceding the Latest Practicable Date, Gram Capital was engaged as independent financial adviser in respect of the major and connected transaction of the Company as contained in the Company's circular dated 10 September 2020. As the aforesaid engagement was independent financial adviser engagement, it does not affect our independence to act as the Independent Financial Adviser. Notwithstanding the aforesaid past engagement, as at the Latest Practicable Date, we were not aware of any relationships or interests between Gram Capital and the Company or any other parties that could be reasonably regarded as a hindrance to Gram Capital's independence to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the CCTs. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or the Circular misleading.

LETTER FROM GRAM CAPITAL

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, Mr. Hu or their respective subsidiaries or associates (as the case may be), nor have we considered the taxation implication on the Group or the Shareholders as a result of the CCTs. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the CCTs, we have taken into consideration the following principal factors and reasons:

Information on the Group

With reference to the Board Letter, 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 expanded its business to include property management, decoration, renovation and construction services. The Group also proceeded with the acquisition of a hotel and golf course in Hokkaido, Japan and such acquisition was completed on 30 October 2020.

LETTER FROM GRAM CAPITAL

Set out below is a summary of the consolidated financial information on the Group for the two years ended 31 March 2020 and the six months ended 30 September 2020 as extracted from the Company's annual report for the year ended 31 March 2020 (the "2020 Annual Report") and interim report for the six months ended 30 September 2020 (the "2020 Interim Report"):

	For the six months ended 30 September 2020	For the year ended 31 March 2020	For the year ended 31 March 2019	Year on year change
	<i>(unaudited)</i>	<i>(audited)</i>	<i>(audited)</i>	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>%</i>
Revenue	75,123	124,853	159,399	(21.67)
– Sales of properties	14,943	109,680	156,721	(30.02)
– Serviced apartments services	10,321	–	–	–
– Leasing of shopping mall	847	–	–	–
– Property management services	10,154	15,173	2,678	466.58
– Renovation and decoration services	38,858	–	–	–
Gross (loss)/profit	(3,002)	63,039	61,509	2.49
Loss for the period/year	(132,755)	(190,842)	(128,976)	47.97

As illustrated in the above table, the Group's revenue for the year ended 31 March 2020 ("FY2020") decreased by approximately 21.67% as compared to that for the year ended 31 March 2019 ("FY2019"). With reference to the 2020 Annual Report, such decrease was a result of decrease in number of apartments sold for FY2020. The Group's gross profit for FY2020 increased by approximately 2.49% as compared to that for FY2019. With reference to the 2020 Annual Report, such increase was mainly due to certain residential apartments sales with higher gross profit margin during FY2020 and the increase in property management fee during FY2020.

Despite the slight improvement in the Group's gross profit for FY2020 as compared to that for FY2019, the Group's loss for FY2020 increased by approximately 47.97% as compared to that for FY2019. With reference to the 2020 Annual Report, such increase was mainly due to impairment losses on certain assets and increase in selling and administrative expenses and finance costs.

As illustrated in the above table, the Group recorded gross loss and loss of approximately HK\$3 million and HK\$133 million respectively for the six months ended 30 September 2020. With reference to the 2020 Interim Report, such gross loss mainly arose from (i) offering of special discounts for sales of residential apartments under the current less favourable market conditions; and (ii) travel restrictions and city-wide lockdowns in the PRC, which had a negative impact on the Group's newly introduced serviced apartments operation. The Group's loss for the six months ended 30 September 2020 was mainly attributable to (i) the Group's gross loss recorded; (ii) increase in selling and administrative expenses as a result of the increase in depreciation; (iii) decrease in fair value of investment properties under construction; and (iv) increase in finance costs.

LETTER FROM GRAM CAPITAL

As aforementioned, the Group proceeded with the acquisition of a hotel and golf course in Hokkaido, Japan and such acquisition was completed on 30 October 2020. With reference to the 2020 Interim Report, despite the impact on the tourism industry since the outbreak of COVID-19, with the introduction of a series of related policies by the Japanese government to support the hotel and tourism industry due to the epidemic and certain international major events are set to take place in Japan, the Group expects improvements in the results of the target hotel and golf course, and remains positive on the long term prospect of Japan's tourism industry. In addition, as new projects are successively undertaken by the Group, it is expected that the property management and renovation and decoration businesses will continue to generate revenue growth for the Group, and the business scope of the Group will gradually expand. On the basis of further improving the operation of existing subsidiaries, the Group will also proactively look for more investment opportunities with promising outlooks and prospects and continue to create value for the Shareholders.

Information on Mr. Hu and the Mr. Hu Controlled Companies

With reference to the Board Letter, 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. Mr. Hu and Mr. Hu Controlled Companies are connected persons of the Company.

Reasons and benefits of the CCTs

With reference to the Board Letter, 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, the Property Segment, i.e. 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 Segment and Renovation Segment 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 as a whole in the long run.

Detailed reasons, benefits and relevant background information of the CCTs are set out under the section headed "REASONS FOR AND BENEFITS OF ENTERING INTO THE MASTER AGREEMENT" of the Board Letter.

LETTER FROM GRAM CAPITAL

Having considered that:

- (i) the Group expanded its business to include property management, decoration, renovation and construction services in FY2020;
- (ii) the Group's property management services segment and renovation and decoration services segment contributed substantial revenue to the Group for the six months ended 30 September 2020 (approximately 13.52% and 51.73% respectively of the Group's total revenue); and
- (iii) the CCTs are expected to bring revenue to the Group,

we concur with the Directors that the CCTs are conducted in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole.

Principal terms of the Master Agreement

The following table summarises the principal terms of 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.
Services	<p>During the term of the Master Agreement, 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, for which Individual Service Agreements shall be entered.</p> <p>The Services to be provided shall be subject to (i) the Group Companies complying with all applicable local laws, rules and regulations; and (ii) the Group Companies making full use of its brand and resources and maximising the value created for shareholders and employees of both the Group Companies and the Mr. Hu Controlled Companies.</p>
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 separately agreed and paid in accordance with the terms of each Individual Service Agreement. Standard payment terms are set out under the Board Letter.

LETTER FROM GRAM CAPITAL

Pricing principles

The service fees for each Individual Service Agreement for the Services shall be determined according to the following general principles:

- (a) The final consideration shall generally 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, in particular, the Tender and Bidding Law of the People's Republic of China (《中華人民共和國招標投標法》).
- (b) While the Group generally prefers an approach which brings greater profit to the Group, the tenderer is often more cost conscious, and will include their preferred approach in the tender documents. If the Group considers the profitability of a particular project to be comparatively low, the Group will not participate in the tender.
- (c) If the Group Companies intend to bid for a project, the cost department of such Group Company will first evaluate the cost and price of the project, form a plan, then submit the same to the management of the Company for approval. If approved, the Group Company will prepare the bidding documents based on the requirements set by the tenderer.
- (d) 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.
- (e) In permitted cases where the tender process is not required, 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, while the service fees shall also be no less favourable to the Group Companies than terms available to independent third parties with whom the Mr. Hu Controlled Companies transact.

LETTER FROM GRAM CAPITAL

- (f) Relevant laws and regulations concerning specific requirements for the Services, including in particular, the Property Management Regulations (《物業管理條例》) and the Construction Law of the People’s Republic of China (《中華人民共和國建築法》) and other provincial or local governmental regulations, shall be strictly complied with.

Further details of the pricing principles are set out under the Board Letter.

For our due diligence purpose, we obtained two service agreements entered into between the Group and the Mr. Hu Controlled Companies in relation to the provision of the Management Services, together with two service agreements entered into between the Group and independent third parties to the Group (“**Independent Third Party(ies)**”) in relation to comparable property management services, and noticed from such agreements that the service fees charged to the Mr. Hu Controlled Companies are no more favourable than those charged to Independent Third Parties under comparable property management services.

We also obtained a service agreement entered into between the Group and the Mr. Hu Controlled Company in relation to the Renovation Services, together with a service agreement entered into between the Group and Independent Third Party in relation to comparable renovation services and their respective budgeting records. We noticed from the aforesaid documents that the profit margin generated from the Renovation Services provided to the Mr. Hu Controlled Company is similar to the profit margin generated from comparable renovation services provided to Independent Third Party.

With reference to the Board Letter, the Company will adopt the internal control measures in connection with the continuing connected transactions under the Master Agreement as set out under the section headed “INTERNAL CONTROL MEASURES REGARDING CONTINUING CONNECTED TRANSACTIONS” of the Board Letter. We consider the effective implementation of such internal control measures will help to ensure fair pricing of the CCTs.

Proposed annual caps

With reference to the Board Letter, having considered the factors set out below, the Directors propose that the annual cap for provision of Management Services and Renovation Services under the Master Agreement for each of FY2021, FY2022 and FY2023 shall be RMB55,500,000 (the “**Annual Cap(s)**”) as set out below:

	FY2021	FY2022	FY2023
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Management Services	10,500,000	10,500,000	10,500,000
Renovation Services	45,000,000	45,000,000	45,000,000
Total	55,500,000	55,500,000	55,500,000

LETTER FROM GRAM CAPITAL

The Directors have determined the Annual Caps on the basis of and by reference to a number of factors including:

- (a) the signed Management Services agreements as disclosed in the Company's announcement dated 9 March 2020 (based on the existing terms of such agreements without taking into account possible renewals, one of them will require the Annual Caps for FY2021 and FY2022, one of them will require the Annual Cap for FY2022 and one of them will require the Annual Cap for FY2023);
- (b) other Services agreements signed between the Group Companies and the Mr. Hu Controlled Companies in FY2021 which shall come into effect after commencement of the Term (including three Management Services agreements requiring the Annual Caps for FY2021 and FY2022, one Management Services agreement requiring the Annual Caps for FY2021, FY2022 and FY2023 and two Renovation Services agreements requiring the Annual Cap for FY2021), contributing aggregate project sums of approximately RMB6.6 million to the Annual Cap for FY2021, RMB7.8 million to the annual cap for FY2022 and RMB895,000 to the Annual Cap for FY2023;
- (c) other Services agreements between the Group Companies and the Mr. Hu Controlled Companies to be entered immediately upon approval of the Master Agreement (which include one Management Services agreement requiring the Annual Cap for FY2021 and FY2022 and two Renovation Services agreements requiring the Annual Cap for FY2021), contributing aggregate project sums of approximately RMB45.3 million to the Annual Cap for FY2021;
- (d) the one Renovation Services agreements for each of FY2022 and FY2023 (which are supplemental contracts) that are currently in discussion and expected to be signed in FY2022 and FY2023, requiring the Annual Caps for FY2022 and FY2023 respectively, contributing aggregate project sums of approximately RMB30 million to the Annual Caps for each of FY2022 and FY2023;
- (e) 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 the Mr. Hu Controlled Companies;
- (f) the anticipated demand for the Services by Mr. Hu and the Mr. Hu Controlled Companies based on the existing property projects currently owned by Mr. Hu and/or the Mr. Hu Controlled Companies in the PRC or other property projects to be acquired by Mr. Hu and/or the Mr. Hu Controlled Companies, which may or may not need to be developed in the future and for which the Group Companies' Services may be required;
- (g) possible supplemental contracts relating to Renovation Services that may contribute to the Annual Caps for FY2022 and FY2023, which, even if relating to the same property (but usually a different part of the property) will be separately negotiated and agreed upon between the parties and contain separate terms and conditions, with the initial or original Renovation Services agreement relating to the same property remaining non-recurring and non-continuing;

LETTER FROM GRAM CAPITAL

- (h) the capabilities and qualifications of the Group Companies, that the Group Companies are gradually expanding in terms of staff and resource size in order to increase the scale and number of projects to be undertaken, but also accounting for the fact that both the Management Services and Renovation Services businesses operate on a project basis, meaning new staff and resources can be hired or obtained according to the needs of specific projects;
- (i) 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;
- (j) a reasonable quota for the Group to enter into the same amount of projects with the Mr. Hu Controlled Companies in each of FY2021, FY2022 and FY2023, namely quotas of approximately RMB13 million and RMB19 million available for each of FY2022 and FY2023 to match the expected Annual Cap to be used in FY2021, including any supplemental contracts for Renovation Services, which is expected to help the Group accumulate relevant experience and improve its goodwill and standing in the property development in the industry in the PRC, thereby achieving the Group's business development plan; and
- (k) a reasonable buffer of around RMB2 million to RMB2.5 million for any upward adjustments on the service fees for the Services due to inflation or potential additional demand for the Services during the Term.

Detailed basis for the Annual Caps is set out under the section headed "PROPOSED ANNUAL CAPS AND BASIS FOR ANNUAL CAPS" of the Board Letter.

For our due diligence purpose, we obtained a summary of the signed agreements and agreements under negotiation in respect of the provision of the Services (the "**Summary**"). Under the Summary, the Company also estimated the schedule and the service fee to be incurred (the "**Estimated Service Fee**") under each of FY2021, FY2022 and FY2023.

We noted from the Summary that the Estimated Service Fee under each of FY2021, FY2022 and FY2023 is approximately RMB53 million (RMB9 million for Management Services and RMB44 million for Renovation Services), RMB40 million (RMB10 million for Management Services and RMB30 million for Renovation Services) and RMB34 million (RMB4 million for Management Services and RMB30 million for Renovation Services) respectively. We noticed that the Estimated Service Fee for FY2021 is close to the Annual Cap. As the aforesaid estimation was only based on currently signed agreements and agreements under negotiation, there is potential for the Group to negotiate and engage into more projects with Mr. Hu Controlled Companies for FY2022 and FY2023.

In light of the above, we consider the Annual Caps for FY2021, FY2022 and FY2023 to be fair and reasonable.

LETTER FROM GRAM CAPITAL

Shareholders should note that as the Annual Caps are relating to future events and was estimated based on assumptions which may or may not remain valid for the entire period up to 31 March 2023, and they do not represent forecasts of revenue or income to be generated from the CCTs. Consequently, we express no opinion as to how closely the actual revenue or income to be generated from the CCTs will correspond with the Annual Caps.

In light of the above, we consider that the terms of the CCTs (including the Annual Caps) are on normal commercial terms and are fair and reasonable.

Listing Rules implications on the CCTs

The Directors confirmed that the Company shall comply with the requirements of Rules 14A.53 to 14A.59 of the Listing Rules pursuant to which (i) the service fee under the CCTs must be restricted by respective Annual Cap; (ii) the terms of the CCTs (together with the Annual Caps) must be reviewed by the independent non-executive Directors annually; (iii) details of independent non-executive Directors' annual review on the terms of the CCTs (together with the Annual Caps) must be included in the Company's subsequent published annual reports and financial accounts. Furthermore, it is also required by the Listing Rules that the auditors of the Company must provide a letter to the Board confirming, among other things, whether anything has come to their attention that causes them to believe that the CCTs (i) have not been approved by the Board; (ii) were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group; (iii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions (in respect of services provision only); and (iv) have exceeded the Annual Caps. In the event that the total amounts of the service fee under the CCTs are anticipated to exceed the Annual Caps, or that there is any proposed material amendment to the terms of the CCTs, as confirmed by the Directors, the Company shall comply with the applicable provisions of the Listing Rules governing continuing connected transactions.

Given the above stipulated requirements for continuing connected transactions pursuant to the Listing Rules, we are of the view that there are adequate measures in place to monitor the CCTs and thus the interest of the Independent Shareholders would be safeguarded.

LETTER FROM GRAM CAPITAL

RECOMMENDATION

Having taken into account the above factors and reasons, we are of the opinion that (i) the terms the CCTs (including the Annual Caps) are on normal commercial terms and are fair and reasonable; and (ii) the CCTs are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the relevant ordinary resolutions to be proposed at the SGM to approve the CCTs (including the Annual Caps) and we recommend the Independent Shareholders to vote in favour of the resolutions in this regard.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 25 years of experience in investment banking industry.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at the Latest Practicable Date, the interests and short positions, if any, of the Directors or chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO); or (b) to be entered in the register pursuant to Section 352 of the SFO; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) adopted by the Company, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in the Shares and underlying Shares

Name of Director	Nature of interest	Number of Shares/ Underlying Shares held	Approximate percentage of issued share capital of the Company
Mr. Hu Xingrong	Interest in a controlled corporation	272,327,671 (Note)	61.58%

Note: The entire issued share capital of China DaDi Group Limited is wholly-owned by Mr. Hu.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had or was deemed to have any interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they would be taken or deemed to have under such provisions of the SFO); (b) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Mr. Hu, an executive Director, is a director of China DaDi Group Limited, the Company's substantial shareholder. As at the Latest Practicable Date, so far as known to the Directors, no other Director is a director or employee of a company which has an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO.

3. DISCLOSURE OF INTERESTS OF THE SHAREHOLDERS PURSUANT TO THE SFO

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had, or were deemed or taken to have, interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group or had any option in respect of such capital:

Long positions in the Shares and underlying Shares

Name of Shareholder	Nature of interest	Number of Shares/ Underlying Shares held	Approximate percentage of issued share capital of the Company
China DaDi Group Limited	Beneficial owner	272,327,671 (Note)	61.58%

Note: These shares were directly owned by China DaDi Group Limited, which is wholly-owned by Mr. Hu.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company based on the register maintained by the Company pursuant to Part XV of the SFO, no other persons (not being a Director or chief executive of the Company) had, or were deemed or taken to have, any interests or short positions in the Shares or underlying Shares which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, nor were there any persons, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group or held any option in respect of such capital.

4. COMPETING BUSINESS INTERESTS OF DIRECTORS

At the Latest Practicable Date, the interests of the Directors of the Company in competing business that were required to be disclosed pursuant to Rule 8.10 of the Listing Rules as informed by the relevant Directors were as follows:

Mr. Hu is the chairman and controlling shareholder of Doof International Holding Group Company Limited* (多弗國際控股集團有限公司) (“**Doof Group**”), a company established in the PRC which is principally engaged in the business of properties development in the PRC. The Company is an investment holding company whose subsidiaries are principally engaged in properties development which covers development, sales and leasing of properties in the PRC. Therefore, the business of properties development in the PRC engaged by Doof Group (the “**Excluded Business**”) may be regarded as being potentially competing (directly or indirectly) with the Group’s business, and Mr. Hu is regarded as being interested in the Excluded Business.

The Doof Group has a number of properties and land reserves in various regions in the PRC, and the Group has no plans to invest in properties in the same regions. While there is one overlapped region, being Chongqing, the Group’s businesses and the Doof Group’s business in Chongqing differ greatly in terms of project size, nature and target customers. The Doof Group’s development projects generally target middle-class households, whereas the Group targets upper middle and upper class households and high-end customers.

Apart from Mr. Hu, Mr. Huang Xiaohai, Mr. Jin Jianggui and Mr. Li Zhenyu (all being executive Directors of the Company) are vice presidents of Doof Group. To the best knowledge of the Company after making all reasonable enquiries, Mr. Huang Xiaohai, Mr. Jin Jianggui and Mr. Li Zhenyu had no shareholding interest in the Doof Group. The Company was informed by Mr. Huang Xiaohai, Mr. Jin Jianggui and Mr. Li Zhenyu that they were merely maintaining their positions as vice presidents of Doof Group in a non-executive nature.

The Group and the Excluded Business under Doof Group are managed by separate companies with separate management and administration. With the overseeing and supervision of the independent non-executive Directors of the Company, the Board is of the view that the Group should be capable of carrying on its businesses independently of, and at arm’s length from, the Excluded Business of Doof Group. The Board shall also regularly assess the Company’s business development to ensure that there is no issue of competition.

5. DIRECTORS' MATERIAL INTERESTS IN ASSETS OR CONTRACTS OR ARRANGEMENT

- (a) Save for the agreements disclosed in (b) and (f) under the paragraph headed "Material Contracts" in this appendix, details of which were disclosed in the Company's announcements dated 8 May 2020, 21 May 2020 and 14 July 2020, in which Mr. Hu has direct or indirect interests, as at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have, since 31 March 2020 (being the date to which the latest published audited financial statements of the Company were made up), been (i) acquired or disposed of by; or (ii) leased to; or (iii) proposed to be acquired or disposed of by; or (iv) proposed to be leased to, any member of the Group; and
- (b) none of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Group, save for the existing agreements between the Group Companies and the Mr. Hu Controlled Companies in connection with the provision of the Services and the Master Agreement, in which Mr. Hu, the chairman and an executive Director of the Company has material interests, and has abstained from voting on the relevant board resolutions approving the Master Agreement and the transactions contemplated thereunder.

Please refer to the "Letter from the Board" set out on pages 5 to 18 of this circular for details relating to the Master Agreement.

6. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or have proposed to enter, into any service contracts with the Company or any member of the Group (excluding contracts expiring or determinable within one year without payment of compensation (other than statutory compensation)).

7. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 March 2020, being the date to which the latest published audited consolidated financial statements of the Company were made up.

8. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion or advice which are contained or referred to in this circular:

Name	Qualification
Gram Capital Limited	A corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

The expert above has given and has not withdrawn its written consent to the issue of this circular with copies of its letter and the references to its name included herein the form and context in which it appears.

The letter from the above expert is given as of the date of this circular for incorporation herein.

As at the Latest Practicable Date, the expert above did not have any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the expert above did not have any direct or indirect interests in any assets which have since 31 March 2020 (being the date to which the latest published audited consolidated financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

9. MATERIAL CONTRACTS

The following contracts have been entered into by the Group (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this circular which are or may be material:

- (a) an equity transfer agreement dated 13 December 2019 entered into between Wenzhou Huiyong Real Estate Development Co., Ltd.* (溫州暉永房地產開發有限公司), as purchaser, and Wenzhou Doof Real Estate Group Co., Ltd.* (溫州多弗地產集團有限公司) as vendor, pursuant to which Wenzhou Huiyong Real Estate Development Co., Ltd.* (溫州暉永房地產開發有限公司) agreed to purchase, and Wenzhou Doof Real Estate Group Co., Ltd.* (溫州多弗地產集團有限公司) agreed to sell, the entire equity interests in Huiyong Property Management (formerly Zhejiang Doof Property Management Services Co., Ltd.* (浙江多弗物業管理服務有限公司)) for a consideration of RMB500,000;

- (b) a sale and purchase agreement dated 8 May 2020 entered into between Wenzhou Rongdong Real Estate Development Co., Ltd.* (溫州榮東房地產開發有限公司), as purchaser, and Mr. Hu Shikuan and Ms. Zhang Tingting, as vendors, pursuant to which Rongdong Real Estate Development Co., Ltd.* (溫州榮東房地產開發有限公司) conditionally agreed to acquire, and Mr. Hu Shikuan and Ms. Zhang Tingting conditionally agreed to sell, the entire equity interest in Wenzhou Junshang Decoration Co., Ltd.* (溫州君尚裝飾有限公司) at a consideration of RMB1;
- (c) a placing agreement dated 24 June 2020 and entered into among the Company, China DaDi Group Limited, Mr. Hu and Roofers Securities Limited, pursuant to which Roofers Securities Limited agreed to place up to 141,104,000 existing Shares at a price of HK\$0.35 per placing Share on behalf of China DaDi Group Limited to not less than six independent professional, institutional and/or individual investors;
- (d) a subscription agreement dated 24 June 2020 and entered into between the Company and China DaDi Group Limited, pursuant to which China DaDi Group Limited conditionally agreed to subscribe for, and the Company agreed to issue up to 141,104,000 new Shares at a price of HK\$0.35 per share, and upon completion, the Company received total net proceeds of HK\$48,345,380;
- (e) a strategic cooperation framework agreement dated 1 July 2020 and entered into between Huiyong Property Management and Doof International Real Estate Co., Ltd.* (多弗國際地產股份有限公司), pursuant to which the parties will, among other things, have comprehensive cooperation in respect of real estate management projects;
- (f) an acquisition agreement dated 14 July 2020 and entered into between Decent Start Limited, Mr. Hu and the Company, pursuant to which Decent Start Limited conditionally agreed to acquire and Mr. Hu conditionally agreed to dispose of the entire issued share capital of 株式會社多弗* (Tafutsu Kabushiki Kaisha*) and the shareholder's loan at a consideration of JPY848,394,046; and
- (g) an acquisition agreement dated 12 January 2021 and entered into between Chengdu Aobao Yijue Real Estate Agency Services Limited* (成都奧保億爵房地產中介服務有限公司), Wenzhou Qianyuan Zhiye Limited* (溫州乾元置業有限公司) and Lanzhou Lvcheng Shidai Construction and Development Co., Limited* (蘭州綠城時代建設開發有限公司), pursuant to which Chengdu Aobao Yijue Real Estate Agency Services Limited* (成都奧保億爵房地產中介服務有限公司) conditionally agreed to acquire and Wenzhou Qianyuan Zhiye Limited* (溫州乾元置業有限公司) conditionally agreed to dispose of 51.0% equity interests in Lanzhou Lvcheng Shidai Construction and Development Co., Limited* (蘭州綠城時代建設開發有限公司) at a consideration of RMB18.8 million.

10. DOCUMENTS AVAILABLE FOR INSPECTION

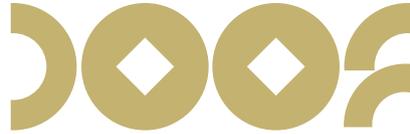
Copies of the following documents are available for inspection from 10:00 a.m. to 5:30 p.m. on any weekdays (except for public holidays) at the principal place of business in Hong Kong of the Company at Unit WF, 25th Floor, Eight Commercial Tower, 8 Sun Yip Street, Chai Wan, Hong Kong, from date of this circular up to (and including) the date of the SGM:

- (a) the Articles of Association;
- (b) the material contracts mentioned in the paragraph headed “Material Contracts” in this appendix;
- (c) the annual reports of the Company for each of the three years ended 31 March 2018, 2019 and 2020;
- (d) the Master Agreement;
- (e) the letter of recommendation from the Independent Board Committee dated 15 March 2021, the text of which is set out on pages 19 to 20 of this circular;
- (f) the letter of advice from Gram Capital dated 15 March 2021, the text of which is set out on pages 21 to 32 of this circular;
- (g) the written consent of Gram Capital referred to in the section headed “Expert and Consent” in this appendix; and
- (h) a copy of this circular.

11. MISCELLANEOUS

- (a) The company secretary of the Company is Ms. Ho Wing Yan. Ms. Ho is an associate member the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators.
- (b) The registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (c) The principal place of business of the Company in Hong Kong is at Unit WF, 25th Floor, Eight Commercial Tower, 8 Sun Yip Street, Chai Wan, Hong Kong.
- (d) The principal share registrar and transfer office of the Company is MUFG Fund Services (Bermuda) Limited, 4th floor North, Cedar House, 41 Cedar Avenue, Hamilton HM 12, Bermuda.
- (e) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Secretaries Limited, Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong.
- (f) The English text of this circular prevails over the Chinese text in case of inconsistency.

NOTICE OF SGM



MAN SANG INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 938)

NOTICE OF SGM

NOTICE IS HEREBY GIVEN that a special general meeting (the “**SGM**”) of Man Sang International Limited (the “**Company**”) will be held at Suite 2703, 27/F., Shui On Centre, Nos. 6-8 Harbour Road, Wanchai, Hong Kong on Wednesday, 31 March 2021 at 5:00 p.m. for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolutions. Capitalised terms defined in the circular dated 15 March 2021 issued by the Company (the “**Circular**”) of which this notice forms part shall have the same meanings when used herein unless otherwise specified:

ORDINARY RESOLUTION

1. “**THAT:**

- (a) the execution of the Master Agreement (a copy of which has been produced to the SGM marked “A” and initialled by the chairman of the SGM for the identification purpose) entered into between the Company and Mr. Hu by any one of the Directors of the Company, and the transactions contemplated thereunder, including the proposed annual caps and the implementation thereof, be and are hereby approved, confirmed and ratified; and
- (b) any one of the Directors be and is hereby authorised to do all such acts and things and sign, agree, ratify, execute, perfect or deliver all such documents or instruments under hand (or where required, under the common seal of our Company together with another Director or any person authorised by the board of Directors) and take all such steps as the Director in his/her discretion may consider necessary, appropriate, desirable or expedient to implement, give effect to or in connection with the Master Agreement and any of the transactions contemplated thereunder.”

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

Hong Kong, 15 March 2021

NOTICE OF SGM

Registered Office:

Clarendon House 2
Church Street
Hamilton HM 11
Bermuda

Principal place of business in Hong Kong:

Unit WF, 25th Floor, Eight Commercial Tower
8 Sun Yip Street
Chai Wan Hong Kong

Notes:

1. A member entitled to attend and vote at the meeting convened (or any adjournment thereof) is entitled to appoint one or more proxies to attend and, subject to the provisions of the articles of association of the Company, vote in his stead. A proxy need not be a member of the Company.
2. In order to be valid, the form of proxy, must be deposited together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of that power or authority, at the offices of the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the meeting (or any adjourned thereof).
3. Members whose names appear on the register of members of the Company at 4:30 p.m. on 25 March 2021 will be entitled to attend and vote at the special general meeting. In order to qualify for attending the SGM, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Tricor Secretaries Limited, whose share registration public offices are located at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 25 March 2021.
4. Completion and delivery of the form of proxy will not preclude members from attending and voting in person at the special general meeting and in such event, the relevant form of proxy shall be deemed to be revoked.
5. In compliance with the Listing Rules and the Articles of Association of the Company, all resolutions set out in this notice of the special general meeting will be voted on by way of poll.
6. In view of the ongoing Novel Coronavirus ("COVID-19") pandemic and recent requirements, if any, for prevention and control of its spread, the Company will implement the following preventive measures at the SGM, including:
 - compulsory temperature checks
 - submission of health declaration form, which may be used for contact tracing, if required
 - compulsory wearing of surgical face masks for each attendee
 - no distribution of corporate gifts or refreshments

Any person who does not comply with the precautionary measures or is subject to any Hong Kong Government prescribed quarantine may be denied entry into the venue of the SGM. The Company also encourages its shareholders to consider appointing the chairman of the meeting as its/his/her proxy to vote on the relevant resolutions at the special general meeting as an alternative to attending the meeting in person. Subject to the development of COVID-19, the Company may implement further changes and precautionary measures and may issue further announcement on such measures as appropriate.

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