

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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

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

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## **MAN SANG INTERNATIONAL LIMITED**

*(Incorporated in Bermuda with limited liability)*

**PROPOSED BONUS ISSUE OF SHARES,  
GENERAL MANDATES  
TO ISSUE AND TO REPURCHASE SHARES  
AND  
AMENDMENTS TO THE BYE-LAWS**

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A notice convening the 2004 Annual General Meeting of the Company to be held at Aster & Bauhinia Rooms, 2/F., The Royal Garden, 69 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on Wednesday, August 4, 2004 at 2:30 p.m. is set out in this circular. Whether or not you are able to attend, please complete and return the enclosed proxy form in accordance with the instructions printed thereon as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the meeting. Completion and return of the proxy form will not preclude you from attending and voting at the meeting should you so wish.

July 9, 2004

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## EXPECTED TIMETABLE

2004

Last day of trading in Shares cum entitlements to the Bonus Issue .....	Monday, July 26
First day of trading in Shares ex-entitlements to the Bonus Issue .....	Tuesday, July 27
Latest time for lodging transfers of Shares to qualify for the Bonus Issue .....	4:00 p.m. on Wednesday, July 28
Closure of Register (both dates inclusive) .....	Thursday, July 29 to Wednesday, August 4
Latest time for lodging forms of proxy for the 2004 AGM .....	2:30 p.m. on Monday, August 2
Record Date for determination of entitlements to the Bonus Issue .....	Wednesday, August 4
2004 AGM .....	2:30 p.m. on Wednesday, August 4
Dispatch of certificates for Bonus Issue on or before .....	Monday, August 9
First day of dealing in Bonus Shares .....	Wednesday, August 11

## DEFINITIONS

*In this circular, the following expressions have the following meanings unless the context requires otherwise:*

“2004 AGM”	the 2004 annual general meeting of the Company to be held at Aster & Bauhinia Rooms, 2/F., The Royal Garden, 69 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on August 4, 2004 at 2:30 p.m. and any adjournment thereof, notice of which is set out on pages 14 to 22 of this circular
“associate”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Bonus Issue”	proposed bonus issue of Bonus Shares to the Shareholders whose names appear on the register of members of the Company at the close of business on Record Date on the basis of one Bonus Share for every ten existing Shares held on that day
“Bonus Share(s)”	new Share(s) to be issued by way of bonus by the Company as described herein
“Bye-Laws”	the Bye-Laws of the Company
“CCASS”	the Central Clearing and Settlement System, established and operated by Hong Kong Clearing
“Company”	Man Sang International Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Stock Exchange
“Director(s)”	director(s) of the Company from time to time
“General Mandates”	the Shares Repurchase Mandate and the general mandate to issue Shares to be sought at the 2004 AGM as set out in the notice convening the same
“Group”	the Company and its subsidiaries
“Hong Kong Clearing”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollars
“Latest Practicable Date”	July 9, 2004, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein

## DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Notice”	the notice of the 2004 AGM set out on pages 14 to 22 of this circular
“Record Date”	August 4, 2004, being the record date for determining entitlements of the Shareholders to the Bonus Issue
“Register”	the register of members of the Company
“Registrar”	Secretaries Limited at G/F, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, the branch share registrar of the Company in Hong Kong
“Shares”	shares of HK\$0.10 each in the capital of the Company
“2002 Share Option Scheme”	the share option scheme of the Company adopted on August 2, 2002 pursuant to which options may be granted to employees, officers, agents or consultants of the Group, including executive directors or non-executive directors of the Group
“Shares Repurchase Mandate”	the proposed new general mandate, to be sought at the 2004 AGM, to authorize the Directors to repurchase the Shares in the manner as set out in the notice of the 2004 AGM
“Shareholder(s)”	registered holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeover Code”	The Code on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong

## LETTER FROM THE BOARD



# MAN SANG INTERNATIONAL LIMITED

*(Incorporated in Bermuda with limited liability)*

*Executive Directors:*

Cheng Chung Hing (*Chairman*)

Cheng Tai Po (*Vice-Chairman*)

Yan Sau Man, Amy

*Registered Office:*

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Independent Non-Executive Directors:*

Lee Kang Bor, Thomas

Yuen Ka Lok, Ernest

*Principal Place of Business*

*in Hong Kong:*

21/F, Railway Plaza

39 Chatham Road South

Tsimshatsui

Kowloon

Hong Kong

July 9, 2004

*To Shareholders*

Dear Sir or Madam,

**PROPOSED BONUS ISSUE OF SHARES,  
GENERAL MANDATES  
TO ISSUE AND TO REPURCHASE SHARES  
AND  
AMENDMENTS TO THE BYE-LAWS**

### INTRODUCTION

On June 29, 2004, the Board announced the results of the Group for the year ended March 31, 2004 and proposed the Bonus Issue, details of which are set out below. The purpose of this circular is to provide you with details regarding the proposed ordinary and special resolutions to be considered and, if thought fit, to be approved, among other things, the Bonus Issue, grant of general mandates to issue and repurchase Shares and the amendments to the Bye-Laws.

## LETTER FROM THE BOARD

### RE-ELECTION OF DIRECTORS

Mr. Lee Kang Bor, Thomas being appointed as an additional Director on June 1, 2004 holds office until the 2004 AGM and Mr. Yuen Ka Lok, Ernest will retire at the 2004 AGM by rotation pursuant to the Bye-Laws. Both of them, being eligible, will offer themselves for re-election. None of them has relationship with any directors, senior management or substantial or controlling shareholders of the Company. Under resolution 2 in the Notice, the re-election of Directors will be individually voted on by Shareholders.

Mr. Lee Kang Bor, Thomas, aged 50, is the Independent Non-Executive Director of the Company. Mr. Lee obtained his Bachelor and Master degree in laws from the University of London. He is a barrister of the Lincoln's Inn, England and Wales. Mr. Lee is also a full member of the Society of Trust and Estate Practitioners, the Chartered Institute of Company Secretaries and Administrators of England and Wales and the Hong Kong Institute of Company Secretaries, a fellow member of the Hong Kong Society of Accountants, the Association of Chartered Certified Accountants and the Taxation Institute of Hong Kong. Of the last named institution he served as president from 1999 to 2002. He is also a member of the Joint Liaison Committee of Taxation of Hong Kong and advisor of the Asia and Oceania Tax Consultants' Association. Mr. Lee is active in providing international tax, trust and corporate advisory services to clients, both individuals, listed and unlisted corporations. He advises on pre-IPO restructuring and planning work and has been actively involved in the listing exercises of a number of companies in the Hong Kong, Singapore and Nasdaq markets. Mr. Lee was not a director of any listed company for the past three years prior to the appointment as a director of the Company.

Mr. Yuen Ka Lok, Ernest, aged 41, is the Independent Non-Executive Director of the Company. Mr. Yuen is a solicitor and a partner of Messrs. Yuen & Partners. He is a director of KanHan Technologies Group Limited since January 1, 2003. He has over 10 years of extensive experience in general litigation and commercial work. Mr. Yuen received his Bachelor's degree of Commerce from University of Toronto. Mr. Yuen is a member of the Law Society of Hong Kong.

Both Mr. Lee and Mr. Yuen do not have any relationship with any Directors, senior management, substantial or controlling shareholders (as defined in the Listing Rules) of the Company.

As at the Latest Practicable Date, both Mr. Lee and Mr. Yuen were not interested or deemed to be interested in any shares or underlying shares within the meaning of Part XV of the Securities and Futures Ordinance.

The Company did not enter into any service contract with Mr. Lee or Mr. Yuen. Their director's fees are determined by the Board from time to time. Mr. Lee was appointed on June 1, 2004, he did not receive any fees from the Company for the year ended March 31, 2004. Mr. Yuen received a director's fee of HK\$100,000 in the year ended March 31, 2004.

## LETTER FROM THE BOARD

### CHANGE OF AUDITORS

With a view to control the Company's operating expenses and to reduce the auditing fees, Deloitte Touche Tohmatsu would resign as auditors of the Group and not offer themselves for re-election at the 2004 AGM. Deloitte Touche Tohmatsu has confirmed that there were no circumstances connected with their resignation which they considered should be brought to the notice of the Shareholders or creditors of the Company. The Board recommends to appoint Moores Rowland Mazars as auditors of the Group to fill the vacancy, until the conclusion of the next annual general meeting.

### BONUS ISSUE

Subject to the conditions set out below, the Bonus Issue will be made to Shareholders whose names appear on the Register on the Record Date in the proportion of one Bonus Share, credited as fully paid, for every ten Shares held on the Record Date by way of capitalization from the Company's share premium account.

As at the Latest Practicable Date, no options have been granted under the 2002 Share Option Scheme. As at the Latest Practicable Date, there were an aggregate of 827,058,023 Shares in issue, on which basis 82,705,802 Bonus Shares of HK\$0.10 each will be issued under the Bonus Issue and the amount of HK\$8,270,580.20 will be capitalized from the Company's share premium account. The total number of Shares in issue will then be increased to 909,763,825.

The Bonus Shares will be credited as fully paid and will rank pari passu in all respects with the existing issued Shares with effect from the date of issue, but not rank for the Bonus Issue.

No fractional Shares shall be issued and Shares representing fractions shall be aggregated and sold for the benefit of the Company.

In the absence of any specific instruction to the contrary received in writing by the Registrar, certificates in respect of the Bonus Shares will be sent to the persons entitled thereto at their respective addresses shown in the Register or, in the case of joint holders, to the address of the joint holder whose name stands first in the Register in respect of the joint holding. All such share certificates will be sent on or before August 9, 2004 at the risk of the persons entitled thereto and neither the Company nor the Registrar will be responsible for any loss or delay in transmission.

Dealings in the Bonus Shares on the Stock Exchange are expected to commence on August 11, 2004 and will be subject to Hong Kong stamp duty.

## LETTER FROM THE BOARD

### CONDITIONS OF THE BONUS ISSUE

The Bonus Issue is conditional on:

- (i) the passing by the Shareholders at the 2004 AGM of an ordinary resolution approving the Bonus Issue; and
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Bonus Shares to be issued pursuant to the Bonus Issue.

### CLOSURE OF REGISTER

The Register of the Company will be closed from Thursday, July 29, 2004 to Wednesday, August 4, 2004 (both dates inclusive) in order to determine Shareholders' entitlements to the Bonus Issue. The last day for dealing in Shares cum entitlements to the Bonus Issue will be Monday, July 26, 2004.

**To qualify for the Bonus Issue, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Registrar for registration no later than 4:00 p.m. on Wednesday, July 28, 2004.**

### LISTING AND DEALINGS

Application will be made to the Listing Committee of the Stock Exchange for listings of, and permission to deal in, the Bonus Shares. No part of the share capital of the Company is listed on or dealt in on any other stock exchange and no such listing or permission to deal is being or is proposed to be sought.

Application will be made to Hong Kong Clearing for the admission of the Bonus Shares into CCASS. Subject to the granting of listings of, and permission to deal in, the Bonus Shares on the Stock Exchange as well as compliance with the stock admission requirements of Hong Kong Clearing, the Bonus Shares will be accepted as eligible securities by Hong Kong Clearing for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Bonus Shares on the Stock Exchange or such other date as determined by Hong Kong Clearing. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.

### TAXATION

Shareholders are recommended to consult their professional adviser if they are in any doubts as to the taxation implications of any purchase, holding or disposal of or dealing in the Bonus Shares and receipt of any dividend. It is emphasized that none of the

## **LETTER FROM THE BOARD**

Company, the Directors or any other parties involved in the Bonus Issue accepts responsibility for any tax effects or liabilities of the Shareholders resulting from the purchase, holding or disposal of or dealing in the Bonus Shares and receipt of any dividend.

### **GENERAL MANDATE TO ISSUE SHARES**

At the 2004 AGM, an ordinary resolution will be proposed in respect of granting to the Directors a general and unconditional mandate to allot, issue and deal with Shares up to a maximum of 20% of the share capital of the Company in issue as at the date on which the resolution is passed.

Another ordinary resolution will also be proposed to increase the limit of this 20% by the amount of any Shares of the Company repurchased by the Company under authority of the Shares Repurchase Mandate up to a maximum of 10% of the aggregate nominal value of the issued share capital of the Company at the date of passing of the relevant resolution.

### **GENERAL MANDATE TO REPURCHASE SHARES**

At the 2004 AGM, an ordinary resolution will be proposed in respect of granting to the Directors of a general mandate to exercise the powers of the Company to repurchase Shares. The total nominal amount of Shares to be purchased pursuant to the Shares Repurchase Mandate shall not exceed 10% of the total nominal amount of the share capital of the Company in issue on the date of the relevant resolution. The Company's authority is restricted to purchases made on the Stock Exchange in accordance with the Listing Rules.

The explanatory statement to provide Shareholders with all the information reasonably necessary to enable them to make an informed decision whether to vote for or against the resolution concerning the Shares Repurchase Mandate is set out in Appendix to this circular.

### **AMENDMENTS TO THE BYE-LAWS**

The Securities and Futures Ordinance came into effect on April 1, 2003. As a result thereof, the Securities and Future (Clearing Houses) Ordinance (Chapter 420 of the Laws of Hong Kong) (the "repealed Ordinance") was repealed. The Board proposes to amend the Bye-Laws which have made reference to the repealed Ordinance.

Amendments to the Listing Rules came into effect on March 31, 2004. Such amendments relate to corporate governance issues, including voting of members at general meeting and of directors at board meeting on matters in which they and their associates have a material interest, as well as provisions with which a listed company's constitutional documents should conform as set out in Appendix 3 of the Listing Rules.

## LETTER FROM THE BOARD

The background for the proposed amendments to the following Bye-Laws is set out below:

- (1) Bye-Law 1                      (a) Definition of “associate”

To adopt the meaning of “associate” as defined in the Listing Rules.

(b) Definition of “clearing house”

To reflect the change in the reference to the Securities and Futures Ordinance. The repealed Ordinance was repealed upon the commencement of the Securities and Futures Ordinance on April 1, 2003. Any recognized clearing house under the repealed Ordinance shall be deemed to have been recognized as a clearing house under the Securities and Futures Ordinance.
- (2) Bye-Law 66                      To reflect the requirements of the amendments to the Listing Rules that any vote of Shareholders taken at a general meeting to approve (i) connected transactions; (ii) transactions that are subject to independent shareholders’ approval pursuant to the Listing Rules; (iii) granting of options to a substantial shareholder or an independent non-executive director or any of their respective associates; and (iv) any other transaction in which a shareholder has a material interest and is therefore required to abstain from voting, must be taken on a poll.
- (3) Bye-Law 67                      Same as Bye-Law 66.
- (4) Bye-Law 68                      Same as Bye-Law 66.
- (5) Bye-Law 76                      To reflect the requirements of the amended Appendix 3 of the Listing Rules that the bye-laws of a listed company must provide that where the shareholder is subject to voting restrictions under the Listing Rules, any votes cast by or on behalf of such shareholder in contravention of such restriction shall not be counted.
- (6) Bye-Law 88                      To be consistent with the amended Appendix 3 of the Listing Rules which requires specification of the lodgement period for the nomination of Directors by Shareholders.
- (7) Bye-Law 103                      To be consistent with the amended Appendix 3 of the Listing Rules so that subject to certain exceptions, a Director is not allowed to vote on any resolution of the Board approving

## LETTER FROM THE BOARD

any contract or arrangement or any other proposal in which he/she or any of his/her associates has/have a material interest nor shall he/she be counted in the quorum present at the meeting.

### RIGHT TO DEMAND A POLL

Under the Bye-Laws, at the 2004 AGM, a poll may be demanded before or on the declaration of the result of a show of hands or on the withdrawal of any other demand for a poll by:

- (a) the Chairman of the 2004 AGM; or
- (b) at least three Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy for the time being entitled to vote at the 2004 AGM; or
- (c) a Shareholder or Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the 2004 AGM; or
- (d) a Shareholder or Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy and holding shares in the Company conferring a right to vote at the 2004 AGM being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all Shares conferring that right.

A demand by a person as proxy for a Shareholder or in the case of a Shareholder being a corporation by its duly authorised representative shall be deemed to be the same as a demand by a Shareholder.

### 2004 AGM

Set out on pages 14 to 22 of this circular is a notice convening the 2004 AGM.

A form of proxy for the 2004 AGM is enclosed. Whether or not you intend to be present at the 2004 AGM, you are requested to complete the form of proxy and return it to the Company's Registrar in accordance with the instructions printed thereon not later than 2:30 p.m. on Monday, August 2, 2004, being 48 hours before the time fixed for holding the 2004 AGM.

## LETTER FROM THE BOARD

### RECOMMENDATION

The Board believes that the Bonus Issue, the grant of the General Mandates and the amendments to the Bye-Laws are in the interests of the Company and the Shareholders. Accordingly, the Board recommends that the Shareholders vote in favor of the resolutions to be proposed at the 2004 AGM.

Yours faithfully,  
For and on behalf of  
**MAN SANG INTERNATIONAL LIMITED**  
**Cheng Chung Hing**  
*Chairman*

The Listing Rules contain provisions regulating the repurchase by companies with primary listings on the Stock Exchange of their own securities on the Stock Exchange.

This explanatory statement provides you with requisite information necessary to enable you to make a decision on whether to vote for or against Resolution 5, 6 and 7 to be proposed at the 2004 AGM of the Company.

#### **GENERAL MANDATES**

Ordinary Resolution 5 to be proposed at the 2004 AGM relates to the granting of a general mandate to the Directors to issue new Shares up to a maximum of 20% of the issued share capital of the Company at the date of passing the resolution.

Ordinary Resolution 6 to be proposed at the 2004 AGM relates to the granting of a buyback mandate to the Directors to repurchase, on the Stock Exchange, Shares up to a maximum of 10% of the issued share capital of the Company at the date of passing the resolution.

Ordinary Resolution 7 relates to the extension of the general mandate to be granted to the Directors to issue new Shares during the relevant period by adding to it the number of Shares purchased under the Shares Repurchase Mandate, if any.

#### **REASONS FOR SHARES BUYBACK**

Although the Directors have no present intention of repurchasing any Shares, they believe that the flexibility afforded by the Shares Repurchase Mandate would be beneficial to the Company and the Shareholders. Repurchases will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders. Such repurchases may, depending on market conditions and funding arrangement at the time, lead to an enhancement of the net value of the Company and its assets and/or its earnings per share.

#### **SHARE CAPITAL**

Assuming that no further Shares are issued, whether pursuant to the options which have been granted under the 2002 Share Option Scheme of the Company or otherwise or repurchase between the Latest Practicable Date and the date of the 2004 AGM, there will be 827,058,023 fully paid Shares in issue, and exercise in full of the Shares Repurchase Mandate would result in up to a maximum of 82,705,802 Shares, being 10% of the issued share capital, of the Company during the relevant period referred to in Ordinary Resolution 7 of the notice of the 2004 AGM.

**FUNDING OF REPURCHASES**

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with the memorandum of association of the Company and Bye-Laws and the laws of Bermuda. Under Bermuda law, a repurchase of Shares may be effected out of capital paid up on the Shares to be repurchased, funds of the Company otherwise available for dividend or distribution or proceeds of a fresh issue of Shares made for the purposes and, in the case of any premium payable on the repurchase, funds of the Company otherwise available for dividend or distribution or sums standing to the credit of the share premium account of the Company.

There might be material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the Annual Report for the year ended March 31, 2004) in the event that the Shares Repurchase Mandate were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Shares Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

**MARKET PRICES**

The highest and lowest market prices at which the Shares were traded on the Stock Exchange during each of the previous 12 months before the Latest Practicable Date were as follows:–

	<b>Highest</b> HK\$	<b>Lowest</b> HK\$
<b>2003</b>		
July	0.146	0.125
August	0.155	0.125
September	0.220	0.137
October	0.185	0.140
November	0.185	0.155
December	0.174	0.163
<b>2004</b>		
January	0.186	0.161
February	0.245	0.160
March	0.29	0.22
April	0.26	0.22
May	0.24	0.19
June	0.25	0.20

**DISCLOSURE OF INTERESTS**

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make purchases under the Shares Repurchase Mandate in accordance with the Listing Rules and laws of Bermuda.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates presently intend to sell Shares to the Company under the Shares Repurchase Mandate in the event that the Shares Repurchase Mandate is approved by the Shareholders.

The Company has not been notified by any connected persons of the Company that they have a present intention to sell any Shares, or that they have undertaken not to sell any Shares held by them to the Company in the event that the Shares Repurchase Mandate is approved by the Shareholders.

**SHARES PURCHASES MADE BY THE COMPANY**

No purchase of Shares has been made by the Company during the last six months immediately preceding the issue of this circular (whether on the Stock Exchange or otherwise).

**TAKEOVER CODE**

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeover Code. As a result a Shareholder, or group of Shareholders acting in concert, depending on the level of increase of the Shareholder's interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeover Code.

As at the Latest Practicable Date, the equity interest of the major shareholder, Man Sang International (B.V.I.) Limited ("MSBVI"), in the Company was 49.40%. Any repurchases by the Company on the Stock Exchange up to the maximum of 10% of the issued share capital of the Company made pursuant to the Shares Repurchase Mandate granted to the Directors to repurchase mean that the equity interest of MSBVI in the Company may increase to 54.89%. Accordingly, the Directors are not aware of any consequences which will arise under the Takeover Code as a result of any purchases to be made under the Shares Repurchase Mandate.

## NOTICE OF 2004 AGM



# MAN SANG INTERNATIONAL LIMITED

*(Incorporated in Bermuda with limited liability)*

**NOTICE IS HEREBY GIVEN** that the 2004 Annual General Meeting of Man Sang International Limited (the "Company") will be held at Aster & Bauhinia Rooms, 2/F., The Royal Garden, 69 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on Wednesday, August 4, 2004 at 2:30 p.m. for the following purposes:

### ORDINARY BUSINESS

1. To receive and consider the Reports of Directors and Auditors and the audited financial statements for the year ended March 31, 2004.
2. (a) To re-elect the following directors:-
  - (i) Mr. Lee Kang Bor, Thomas;
  - (ii) Mr. Yuen Ka Lok, Ernest.
- (b) To authorize the Board of Directors to fix the directors' remuneration for the ensuing year.
3. To appoint the Auditors and to authorize the Board of Directors to fix their remuneration.

### SPECIAL BUSINESS

4. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:-

**"THAT** conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting or agreeing to grant listing of and permission to deal in the new shares of HK\$0.10 each in the capital of the Company (the "Shares") to be issued pursuant to this Resolution:

  - (i) the amount standing to the credit of share premium account of the Company as would be required to be applied in paying up in full at par new Shares, such Shares, credited as fully paid, to be allotted and distributed (subject as referred to in paragraph (ii) below) among

## NOTICE OF 2004 AGM

members of the Company whose names appear on the register of members of the Company at the close of business on Wednesday, August 4, 2004 in the proportion of one new Share (the "Bonus Share") for every existing ten Shares then held, be capitalized and applied in such manner and the directors of the Company be and are hereby authorized to allot and issue such Bonus Shares;

- (ii) no fractional Bonus Shares shall be allotted to members of the Company and fractional entitlements will be aggregated and sold for the benefit of the Company;
  - (iii) the Bonus Shares to be issued pursuant to sub-paragraph (i) above shall rank pari passu in all respects with the existing issued Shares as at the date of issuing such Bonus Shares; and
  - (iv) the directors of the Company be and are hereby authorized to do all acts and things as may be necessary and expedient in connection with the issue of Bonus Shares referred to in paragraph (i) of this Resolution."
5. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:-

**"THAT:-**

- (i) subject to paragraph (iii) of this Resolution, pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional share(s) of HK\$0.10 each in the capital of the Company (the "Shares") and to make or grant offers, agreements and options (including warrants) which might require the exercise of such power be and is hereby generally and unconditionally approved;
- (ii) the approval in paragraph (i) of this Resolution shall authorize the directors of the Company during the Relevant Period to make or grant offers, agreements and options (including warrants) which might require the exercise of such power after the end of the Relevant Period;
- (iii) the aggregate nominal value of share capital to be allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and to be issued by the directors of the Company pursuant to the approval in paragraph (i) of this Resolution, otherwise than pursuant to (a) a Rights Issue (as hereinafter defined), or (b) an issue of Shares upon the exercise of the subscription rights attaching to any warrants which may be issued by the Company from time to time,

## NOTICE OF 2004 AGM

or (c) an issue of Shares under any option scheme or similar arrangement for the time being adopted by the Company and/or any of its subsidiaries for the grant or issue to participants of Shares or rights to acquire Shares, or (d) any scrip dividend scheme or similar arrangement providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Bye-laws of the Company, shall not exceed 20 per cent of the aggregate nominal value of the share capital of the Company in issue at the date of passing this Resolution and the said approval shall be limited accordingly; and

(iv) for the purpose of this Resolution:–

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:–

- (a) the conclusion of the next annual general meeting of the Company; or
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or the Companies Act 1981 of Bermuda or any other applicable laws of Bermuda to be held; or
- (c) the passing of an ordinary resolution by shareholders of the Company in general meeting revoking or varying the authority given to the directors of the Company by this Resolution; and

“Rights Issue” means an offer of Shares or issue of options to subscribe for Shares open for a period fixed by the directors of the Company to holders of Shares whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange in, any territory applicable to the Company).”

6. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:–

“**THAT:**–

- (i) subject to paragraph (ii) of this Resolution, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all powers of the Company to repurchase Shares of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or

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on any other stock exchange on which the Shares of the Company may be listed and is recognized by the Securities and Futures Commission and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and/or the requirements of the Listing Rules or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;

- (ii) the aggregate nominal value of Shares to be repurchased by the Company pursuant to paragraph (i) of this Resolution during the Relevant Period shall not exceed 10 per cent of the aggregate nominal value of the share capital of the Company in issue at the date of passing this Resolution, and the authority pursuant to paragraph (i) of this Resolution shall be limited accordingly; and
  - (iii) for the purposes of this Resolution, "Relevant Period" means the period from the passing of this Resolution until whichever is the earliest of:-
    - (a) the conclusion of the next annual general meeting of the Company; or
    - (b) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or the Companies Act 1981 of Bermuda or any other applicable laws of Bermuda to be held; or
    - (c) the passing of an ordinary resolution by shareholders of the Company in general meeting revoking or varying the authority given to the directors of the Company by this Resolution."
7. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:-

**"THAT** conditional upon Resolution Nos. 5 and 6 as set out in the notice convening this meeting being passed, the general mandate granted to the directors of the Company and for the time being in force to exercise the powers of the Company to allot, issue and deal with additional Shares pursuant to Resolution No. 5 as set out in the notice convening this meeting be and is hereby extended by the addition to the aggregate nominal value of the share capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of the Company repurchased by the Company under the authority granted pursuant to Resolution No. 6 as set out in the notice convening this meeting, provided that such extended amount shall not exceed 10 per cent of the aggregate nominal value of the share capital of the Company in issue as at the date of passing this Resolution."

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8. To consider and, if thought fit, pass with or without amendments, the following resolution as a special resolution:-

**“THAT** the following amendments to the existing Bye-Laws of the Company be and are hereby approved:

- (i) by adding the following definition in Bye-Law 1 immediately after the definition of “Act”:-

““associate” shall have the meaning ascribed to it by the rules of the Designated Stock Exchange from time to time”;

- (ii) in relation to the definition of “clearing house” in Bye-Law 1, by deleting the words “a recognized clearing house within the meaning of Section 2 of the Securities and Futures (Clearing Houses) Ordinance of Hong Kong” and substituting therefor the words “a recognized clearing house within the meaning of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong) and any amendments thereto for the time being in force”;

- (iii) by inserting in the eleventh line of Bye-Law 66 the words “a poll is required under the rules of the Designated Stock Exchange or” immediately before the words “a poll is demanded”;

- (iv) by inserting in the first line of Bye-Law 67 the words “is required under the rules of the Designated Stock Exchange or” immediately after the word “poll”;

- (v) by deleting the existing Bye-Law 68 in its entirety and substituting therefor a new Bye-Law 68 as follows:-

“If a poll is required under the rules of the Designated Stock Exchange or is duly demanded the result of the poll shall be deemed to be the resolution of the meeting at which the poll was taken or demanded. Save for requirements imposed by the rules of the Designated Stock Exchange, there shall be no requirement for the chairman to disclose the voting figures on a poll.”;

- (vi) by re-numbering the existing Bye-Law 76 as Bye-Law 76(1) and adding the following new Bye-Law 76(2) immediately thereafter:-

“Where any Member is, under the rules of the Designated Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such Member in contravention of such requirement or restriction shall not be counted.”;

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(vii) by deleting the existing Bye-Law 88 in its entirety and substituting therefor the following:-

- “88. (1) No person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a Notice signed by a Member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such Notice is given of his intention to propose such person for election and also a Notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the Registration Office or at the head office for a minimum period of seven (7) days.
- (2) The minimum period of seven (7) days for lodgment of the Notice(s) referred to in paragraph (1) of this Bye-Law shall commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.
- (3) For the avoidance of doubt, paragraph (2) of this Bye-Law shall apply for the purposes of calculating the minimum period of seven (7) days, but it shall not prevent the Company from accepting the Notice(s) referred to in paragraph (1) of this Bye-Law earlier than the time when the notice of the general meeting referred to in paragraph (2) of this Bye-Law is despatched.”;

(viii) by deleting the existing Bye-Law 103 in its entirety and substituting therefor the following:-

- “103. (1) A Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or any other proposal in which he or any of his associate(s) has a material interest, but this prohibition shall not apply to any of the following matters namely:
- (i) the giving of any security or indemnity either:
- (a) to the Director or his associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries; or

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- (b) to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (ii) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (iii) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company;
- (iv) any proposal concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or shareholder or in which the Director or his associate(s) is/are beneficially interested in shares of that company, provided that the Director and any of his associates are not in aggregate beneficially interested in five (5) per cent. or more of the issued shares or of the voting rights of any class of shares of such company (or of any third company through which his interest or that of any of his associate(s) is derived); or
- (v) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including:
  - (a) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which the Director or his associate(s) may benefit; or

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- (b) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to Directors, his associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates.

For the purpose of this Bye-Law 103(1), "subsidiary" shall have the meaning ascribed to it by the rules of the Designated Stock Exchange from time to time.

- (2) A company shall be deemed to be a company in which a Director and/or any of his associate(s) owns five (5) per cent. or more if and so long as (but only if and so long as) he and/or his associate(s) (either directly or indirectly) are the holders of or beneficially interested in five (5) per cent. or more of any class of the equity share capital of such company or of the voting rights available to members of such company (or of any third company through which his interest or that of any of his associate(s) is derived). For the purpose of this paragraph there shall be disregarded any shares held by a Director or any of his associate(s) as bare or custodian trustee and in which he or any of them has no beneficial interest, any shares comprised in a trust in which the interest of the Director or any of his associate(s) is in reversion or remainder if and so long as some other person is entitled to receive the income thereof, and any shares comprised in an authorized unit trust scheme in which the Director or his associate(s) is interested only as a unit holder.
- (3) Where a company in which a Director and/or any of his associate(s) holds five (5) per cent. or more (within the meaning as described in Bye-Law 103(2)) is materially interested in a transaction, then that Director and/or his associate(s) shall also be deemed materially interested in such transaction.
- (4) If any question shall arise at any meeting of the Board as to the materiality of the interest of a Director or his associate(s) (other than the chairman of the meeting) or as to the entitlement of any Director (other than such chairman) to vote or be counted in the quorum and such question is not resolved by his voluntarily agreeing to abstain from voting or not to be counted in the quorum, such question shall be

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referred to the chairman of the meeting and his ruling in relation to such other Director shall be final and conclusive except in a case where the nature or extent of the interest of the Director concerned or of his associate(s) as known to such Director has not been fairly disclosed to the Board. If any question as aforesaid shall arise in respect of the chairman of the meeting such question shall be decided by a resolution of the Board (for which purpose such chairman shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of such chairman or of his associate(s) as known to such chairman has not been fairly disclosed to the Board.”.

- (ix) by deleting the words “fourteen (14)” after the words “not less than” in Bye-Law 154 (2) and substituting therefor the words “twenty-one (21)”.

By Order of the Board  
**Ho Suk Han Sophia**  
*Secretary*

Hong Kong, July 9, 2004

*Principal Office in Hong Kong:*  
21/F, Railway Plaza  
39 Chatham Road South  
Tsimshatsui  
Kowloon  
Hong Kong

*Notes:*

- (1) A member of the Company entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and in the event of a poll, vote for him/her. A proxy need not be a member of the Company.
- (2) To be valid, a form of proxy, together with power of attorney or other authority (if any) under which it is signed, must be deposited at the Company’s branch registrar in Hong Kong, Secretaries Limited, at G/F, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or at any adjourned meeting.
- (3) The register of members will be closed from Thursday, July 29, 2004 to Wednesday, August 4, 2004, both dates inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed Bonus Issue, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company’s branch registrar in Hong Kong, Secretaries Limited, at G/F, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:00 p.m. on Wednesday, July 28, 2004.
- (4) The Bye-Laws of the Company are written in English. There is no official Chinese translation in respect thereof. Therefore, the Chinese version of Resolution 8 above on amendments of Bye-Laws is purely a translation only. Should there be any discrepancies, the English version will prevail.