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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 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, you should at once hand this circular 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)

DISCLOSEABLE TRANSACTION SALE OF PROPERTY

March 10, 2004

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DEFINITIONS

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

“Agreement”	the provisional agreement for sale and purchase dated February 24, 2004 entered into between the Vendor and the Purchaser relating to the sale and purchase of the Property
“Board”	the board of Directors
“Company”	Man Sang International Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Directors”	the directors of the Company
“Disposal”	the disposal of the Property by the Vendor pursuant to the Agreement
“Group”	the Company and its subsidiaries
“Latest Practicable Date”	March 8, 2004, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in the circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MSBVI”	Man Sang International (B.V.I.) Limited, a company incorporated in the British Virgin Islands, the substantial shareholder of the Company and the wholly owned subsidiary of MSHI
“MSHI”	Man Sang Holdings, Inc., a company incorporated in Nevada, the shares of which are quoted on the National Association of Securities Dealers, Inc. Electronic Bulletin Board
“Property”	8/F., Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong
“Purchaser”	Pittsburg Finance Limited, an independent third party who is not a connected person (as defined in the Listing Rules) of the Company
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

DEFINITIONS

“Shares”	shares of HK\$0.10 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Swift Millions Limited, a company incorporated in Hong Kong with limited liability, an indirectly wholly owned subsidiary of the Company

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:

Alexander Reid Hamilton

Yuen Ka Lok, Ernest

Principal place of business

in Hong Kong:

21/F, Railway Plaza

39 Chatham Road South

Tsimshatsui

Kowloon

Hong Kong

March 10, 2004

To Shareholders

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTION
SALE OF PROPERTY**

INTRODUCTION

On March 2, 2004, the Board announced that on February 24, 2004, the Vendor, an indirectly wholly owned subsidiary of the Company, through a property agent entered into a provisional agreement for sale and purchase with an independent third party for the disposal of an investment property.

The Disposal constitutes a discloseable transaction under the Listing Rules. The purpose of this circular is to provide you with further detail thereof and other information as required by the Listing Rules.

LETTER FROM THE BOARD

THE AGREEMENT

Date

February 24, 2004

Parties

Vendor: Swift Millions Limited, an indirectly wholly owned subsidiary of the Company

Purchaser: Pittsburg Finance Limited, an independent third party who is not a connected person (as defined in the Listing Rules) of the Company

The sale and purchase of the Property was arranged through a property agent. The Purchaser and its beneficial owner(s) and the property agent are not connected persons (as defined in the Listing Rules) of the Company.

Property Disposed

8/F., Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong

Consideration

HK\$71,610,000, with payment terms as follows:–

- a. an initial deposit in the sum of HK\$1,000,000 in cash was received upon signing the Agreement on February 24, 2004
- b. a further deposit of HK\$6,161,000 in cash will be received upon signing of the formal sale and purchase agreement on or before March 12, 2004
- c. the remaining balance of HK\$64,449,000 in cash will be received upon completion of the sale and purchase of the Property

The consideration was negotiated on arm's length basis after taking into account the prevailing market price of the office properties in the district. No formal valuation of the Property was performed.

Terms

The Vendor and the Purchaser will enter into the formal sale and purchase agreement on or before March 12, 2004. Completion shall take place on or before September 15, 2004.

The Property is to be sold on the existing state and subject to existing tenancy.

The deposits (a) was and (b) shall be paid to the Vendor's solicitors as stakeholders who may release the money to the Vendor provided that the payment is sufficient to discharge the existing mortgage and the title deeds of the Property shall have been perused by the Purchaser's solicitors who shall have accepted the Vendor's title to the Property.

LETTER FROM THE BOARD

The Vendor and the Purchaser shall pay commission to the property agent upon completion, the amount of which is subject to further negotiation.

REASON FOR THE DISPOSAL

The Property was acquired for investment purpose on August 15, 2003. The Board considers that it is the right time for the Company to realize the gain and believes that the consideration and terms (including the settlement arrangements) are fair and reasonable and the deal is in the best interest of the Company.

FINANCIAL EFFECT OF THE DISPOSAL

The Property is leased to a tenant at a monthly rental of HK\$195,000. It is mortgaged to a bank in Hong Kong for a revolving loan facility. The Vendor has never utilized the said facility.

The net book value of the Property was approximately HK\$38,222,000 as at January 31, 2004. The estimated gain on the Disposal is approximately HK\$32,578,000 after deducting the estimated agent's commission and solicitors' fees, representing approximately 85.2% over the net book value of the Property.

USE OF PROCEEDS

The net proceeds of the Disposal is approximately HK\$70,800,000, after deducting the estimated agent's commission and solicitors' fees. Since the Company has not yet identified any investment project at this moment, the net proceeds will be utilized as general working capital of the Group.

INFORMATION OF THE GROUP

The Company acts as an investment holding company. The Group is principally engaged in the purchasing, processing, assembling, merchandizing, wholesale and retail distribution of pearls and jewelry products. The Group holds some properties for investment purpose.

ADDITIONAL INFORMATION

The Disposal constitutes a discloseable transaction for the Company under the Listing Rules.

Your attention is drawn to the additional information contained in the appendix to this circular.

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

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

DIRECTORS' INTERESTS IN SECURITIES

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which are required 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 are taken or deemed to have under such provision of the SFO) or are required to be entered into the register maintained by the Company under Section 352 of the SFO or are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange were as follows:–

(1) Interests in the Company

Name of Director	Nature of Interests	Number of Shares Held	
		Long Position	Short Position
Mr. Cheng Chung Hing	Other interest (<i>Note</i>)	408,600,000	–
	Personal interest	36,000,000	–
Mr. Cheng Tai Po	Other interest (<i>Note</i>)	408,600,000	–
	Personal interest	31,157,040	–

Note: These Shares are deemed to be owned by Cafoong Limited, a company incorporated in the British Virgin Islands, through an indirect interest in MSBVI which directly holds these 408,600,000 Shares. Mr. Cheng Chung Hing and Mr. Cheng Tai Po own 60% and 40% of the issued share capital of Cafoong Limited, respectively. Cafoong Limited itself and through its wholly owned subsidiaries directly and indirectly holds 62.42% of the common stock and all the series A preferred stock at the Latest Practicable Date, which totally represent 74.94% of the voting rights of MSHI. MSHI owns 100% of MSBVI.

(2) Interests in associated corporation

(a) Interests in shares

Name of Director	Name of Company	Nature of Interests	Number of Shares Held		
			Long Position	Short Position	
Mr. Cheng Chung Hing	Cafoong Ltd	Personal interest	6,000	–	
	Answay Resources Ltd	Other interest (Note 1)	10,000	–	
	Batfield Ltd	Other interest (Note 1)	10,000	–	
	Cuff International Ltd	Other interest (Note 1)	10,000	–	
	Kanfill Ltd	Other interest (Note 1)	10,000	–	
	Lanmore Ltd	Other interest (Note 1)	10,000	–	
	Lonton Ltd	Other interest (Note 1)	10,000	–	
	Maddison Ltd	Other interest (Note 1)	10,000	–	
	Provisional Investments Ltd	Other interest (Note 1)	10,000	–	
	Waykon Ltd	Other interest (Note 1)	10,000	–	
	Wollerton Ltd	Other interest (Note 1)	10,000	–	
	Wytech Ltd	Other interest (Note 1)	10,000	–	
	MSHI (Common Stock)	Other interest (Note 2)	2,750,000	–	
	MSHI (Series A Preferred Stock)	Other interest (Note 1)	100,000	–	
	MSBVI	Other interest (Note 3)	10,000	–	
	M.S. Electronic Emporium Ltd	Other interest (Note 3)	100	–	
	Mr. Cheng Tai Po	Cafoong Ltd	Personal interest	4,000	–
		Answay Resources Ltd	Other interest (Note 1)	10,000	–
		Batfield Ltd	Other interest (Note 1)	10,000	–
		Cuff International Ltd	Other interest (Note 1)	10,000	–
Kanfill Ltd		Other interest (Note 1)	10,000	–	
Lanmore Ltd		Other interest (Note 1)	10,000	–	
Lonton Ltd		Other interest (Note 1)	10,000	–	
Maddison Ltd		Other interest (Note 1)	10,000	–	
Provisional Investments Ltd		Other interest (Note 1)	10,000	–	
Waykon Ltd		Other interest (Note 1)	10,000	–	
Wollerton Ltd		Other interest (Note 1)	10,000	–	
Wytech Ltd		Other interest (Note 1)	10,000	–	
MSHI (Common Stock)		Other interest (Note 2)	2,750,000	–	
MSHI (Series A Preferred Stock)		Other interest (Note 1)	100,000	–	
MSBVI		Other interest (Note 3)	10,000	–	
M.S. Electronic Emporium Ltd		Other interest (Note 3)	100	–	

Note 1: The shares are directly held by Cafoong Limited.

Note 2: The shares are directly and indirectly held by Cafoong Limited.

Note 3: The shares are directly held by MSHI.

(b) *Interests in underlying shares through equity derivatives – MSHI*

Name of Director	Date Granted	Vesting Period (Years)	Exercisable Period	Exercise Price (US\$)	Number of Share Options
Mr. Cheng Chung Hing	Sept 16, 1997	10	Sept 16, 1998 to Sept 16, 2007	1.22	50,000
	Sept 16, 1997	10	Sept 16, 1999 to Sept 16, 2007	1.22	50,000
	March 26, 2003	10	March 26, 2004 to March 26, 2013	1.1	75,000
	March 26, 2003	10	March 26, 2005 to March 26, 2013	1.1	75,000
Mr. Cheng Tai Po	Sept 16, 1997	10	Sept 16, 1998 to Sept 16, 2007	1.22	50,000
	Sept 16, 1997	10	Sept 16, 1999 to Sept 16, 2007	1.22	50,000
	March 26, 2003	10	March 26, 2004 to March 26, 2013	1.1	50,000
	March 26, 2003	10	March 26, 2005 to March 26, 2013	1.1	50,000
Miss Yan Sau Man, Amy	Sept 16, 1997	10	Sept 16, 1998 to Sept 16, 2007	1.22	50,000
	Sept 16, 1997	10	Sept 16, 1999 to Sept 16, 2007	1.22	50,000

Save as disclosed above, none of the Directors or chief executives of the Company have, as at the Latest Practicable Date, any interests or short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or chief executive is taken or deemed to have under such provision of the SFO) or are required pursuant to Section 352 of the SFO to be entered into the register maintained by the Company under Section 352 of the SFO or are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following persons (other than a director or chief executive of the Company), who have interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:—

Name of Shareholder	Nature of Interest	Number of Shares Held		Percentage of Holding (%)
		Long Position	Short Position	
MSBVI	Corporate	408,600,000	—	49.40
MSHI (<i>Note 1</i>)	Corporate	408,600,000	—	49.40
Cafoong Ltd (<i>Note 2</i>)	Corporate	408,600,000	—	49.40
Answay Resources Ltd (<i>Note 2</i>)	Corporate	408,600,000	—	49.40
Batfield Ltd (<i>Note 2</i>)	Corporate	408,600,000	—	49.40
Cuff International Ltd (<i>Note 2</i>)	Corporate	408,600,000	—	49.40
Kanfill Ltd (<i>Note 2</i>)	Corporate	408,600,000	—	49.40
Lanmore Ltd (<i>Note 2</i>)	Corporate	408,600,000	—	49.40
Lonton Ltd (<i>Note 2</i>)	Corporate	408,600,000	—	49.40
Maddison Ltd (<i>Note 2</i>)	Corporate	408,600,000	—	49.40
Provisional Investments Ltd (<i>Note 2</i>)	Corporate	408,600,000	—	49.40
Waykon Ltd (<i>Note 2</i>)	Corporate	408,600,000	—	49.40
Wollerton Ltd (<i>Note 2</i>)	Corporate	408,600,000	—	49.40
Wytech Ltd (<i>Note 2</i>)	Corporate	408,600,000	—	49.40
Guangdong Development Bank Shenzhen Branch	Corporate	99,156,200	—	11.99

Note 1: This represents the deemed interest in 408,600,000 Shares held by MSBVI.

Note 2: This represents the deemed interest in 408,600,000 Shares held by MSBVI whereby Cafoong Limited together with its wholly owned subsidiaries directly and indirectly holds 62.42% of the common stock and all the series A preferred stock at the Latest Practicable Date, which totally represent 74.94% of the voting rights of MSHI.

Save as disclosed above, no other person (other than a director or chief executive of the Company) has an interest or a 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 as recorded in the register required to be kept by the Company under to Section 336 of the SFO and no other persons (other than a director or chief executive of the Company) 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 member of the Group or had any options in respect of any such share capital or any other member of the Group.

SERVICE CONTRACTS

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

LITIGATION

On December 2, 2003, Arcadia Jewellery Limited (“Arcadia”), an indirectly wholly-owned subsidiary of the Company, filed a lawsuit in Hong Kong against its former general manager and certain other parties (the “Defendants”) for breach of a Business Transfer Agreement and an Employment Agreement and a Consultancy Agreement (“Case 1”). Arcadia is claiming against the Defendants for, inter alia, account and inquiry; repayment of monies of at least HK\$832,000; damages; interest; a declaration that the Consultancy Agreement is null and void and Arcadia is entitled to rescind the same; a declaration that Arcadia is entitled to exercise its right under clause 16 of the Business Transfer Agreement (i.e. not to pay the balance of the purchase consideration of HK\$1,000,000); return of the purported consultancy fees or earnest money, the amount of which is to be assessed; costs and further or other relief.

On December 22, 2003, this former general manager filed a lawsuit in Hong Kong against Arcadia in respect of the aforesaid Employment Agreement for monetary claim of approximately HK\$395,000 and also a declaration that the restraint of trade covenants under the aforesaid Employment Agreement are void and unenforceable. Afterwards, this former general manager agreed to transfer his monetary claim to the Labour Tribunal in Hong Kong and consolidate the rest of his case into Case 1. Although it is not possible to predict with certainty at the moment the outcome of these unresolved legal actions or pending claim or the range of possible loss or recovery, the Company does not believe that the resolution of these matters will have a material adverse effect on the Company’s financial position or results of operations.

Subject to the above, as at the Latest Practicable Date, neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and the Directors are not aware of any litigation or claim of material importance pending or threatened against any member of the Group.

OTHER INFORMATION

- (a) The secretary of the Company is Miss Ho Suk Han Sophia, who is an associate member of The Hong Kong Institute of Company Secretaries and The Institute of Chartered Secretaries and Administrators in Hong Kong Limited.
- (b) The branch share registrar of the Company in Hong Kong is Secretaries Limited at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.
- (c) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.