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MAN SANG INTERNATIONAL LIMITED

(Incorporated in the Bermuda with limited liability)

(Stock Code: 938)

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

On 30 September 2016 (after trading hours of the Stock Exchange), the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue a total of 166,666,666 Subscription Shares at the Subscription Price of HK\$0.60 per Subscription Share.

The aggregate number of 166,666,666 Subscription Shares represents (i) approximately 8.74% of the existing issued share capital of the Company of 1,906,171,856 Shares as at the date of this announcement; and (ii) approximately 8.04% of the issued share capital of the Company of 2,072,838,522 Shares as enlarged by the allotment and issue of the 166,666,666 Subscription Shares assuming no allotment and issue or repurchase of Shares other than the issue of the Subscription Shares. The Subscription Shares to be subscribed under the Subscription Agreement will be issued under the General Mandate.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber with reference to the current market condition and the prevailing market price of the Shares. The Subscription Price of HK\$0.60 per Subscription Share represents:

- (i) a discount of approximately 16.67% to the closing price of HK\$0.72 per Share as quoted on the Stock Exchange on 30 September 2016, being the date of the Subscription Agreement; and
- (ii) a discount of approximately 16.20% to the average closing price of approximately HK\$0.716 per Share in the last five consecutive trading days immediately prior to 30 September 2016, being the date of the Subscription Agreement.

The gross proceeds from the Subscription are estimated to be approximately HK\$100.0 million and the net proceeds from the Subscription, after deduction of the related expenses, are estimated to be approximately HK\$99.9 million. The Company intends to apply the net proceeds from the Subscription for (i) the funding of the acquisition of a property located in Chongqing, the PRC which had been completed on 28 July 2016; and/or (ii) future investment opportunities.

Shareholders and potential investors should note that completion of Subscription is subject to the satisfaction of the conditions precedent in the Subscription Agreement and therefore, the Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

On 30 September 2016 (after trading hours of the Stock Exchange), the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue a total of 166,666,666 Subscription Shares at the Subscription Price of HK\$0.60 per Subscription Share.

THE SUBSCRIPTION AGREEMENT

Date: 30 September 2016

Parties:

- (i) The Company; and
- (ii) The Subscriber.

Information on the Subscriber

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Subscriber and its ultimate beneficial owners (if applicable) are Independent Third Parties.

The Subscriber is an investment fund management company established in the PRC and principally engaged in managing investment funds from investors. Before entering into of the Subscription Agreement, neither the Subscriber nor its close associates had any interests in any Shares.

Number of Subscription Shares

The aggregate number of 166,666,666 Subscription Shares represents (i) approximately 8.74% of the existing issued share capital of the Company of 1,906,171,856 Shares as at the date of this announcement; and (ii) approximately 8.04% of the issued share capital of the Company of 2,072,838,522 Shares as enlarged by the allotment and issue of the 166,666,666 Subscription Shares assuming no allotment and issue or repurchase of Shares other than the issue of the Subscription Shares. The aggregate nominal value of the Subscription Shares is HK\$16,666,666.6.

Subscription Price

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber with reference to the current market condition and the prevailing market price of the Shares. The Directors consider that the Subscription Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Subscription Price of HK\$0.60 per Subscription Share represents:

- (i) a discount of approximately 16.67% to the closing price of HK\$0.72 per Share as quoted on the Stock Exchange on 30 September 2016, being the date of the Subscription Agreement; and
- (ii) a discount of approximately 16.20% to the average closing price of approximately HK\$0.716 per Share in the last five consecutive trading days immediately prior to 30 September 2016, being the date of the Subscription Agreement.

The net price per Subscription Share will be approximately HK\$0.5994.

General mandate to allot and issue the Subscription Shares

The Subscription Shares will be allotted and issued pursuant to the General Mandate and is not subject to Shareholders' approval. The maximum number of Shares that can be issued under the General Mandate is 317,728,771 Shares. As at the date of this announcement, no Shares have been allotted and issued under the General Mandate. The General Mandate is sufficient for the allotment and issue of the Subscription Shares. No separate approval of Shareholders is required for the Subscription.

Ranking of the Subscription Shares

The Subscription Shares, when issued and fully paid, will rank pari passu among themselves and with the Shares then in issue.

Conditions of the Subscription Agreement

Completion of the Subscription Agreement shall be subject to and conditional upon the following:

- (i) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Subscription Shares;
- (ii) the warranties as stated in the Subscription Agreement remaining true, accurate and not misleading in all respects; and
- (iii) all necessary consents and approvals as may be required in respect of the Subscription Agreement and the transactions contemplated thereunder having been obtained by the Company and the Subscriber.

If the above conditions shall not have been fulfilled on or before 5:00 p.m. on or before 30 November 2016 (the “**Long Stop Date**”) or such later date to be agreed between the Company and the Subscriber, the Subscription will be terminated and the Subscription will not proceed and all obligations and liabilities of the parties to the Subscription Agreement will forthwith cease and terminate and none of the parties shall have any claim against any other in respect of the Subscription save for any antecedent breaches of the Subscription Agreement. If the above conditions cannot be fulfilled by the abovementioned time due to reasons that both parties agree to be objective and special, both parties may undergo relevant negotiation.

Completion of the Subscription

Completion of the Subscription, in any event shall take place on the second Business Day after the Subscriber’s receipt of the notice from the Company confirming the fulfilment of the conditions as set out in the Subscription Agreement or such other date to be agreed between the Company and the Subscriber.

Application for Listing

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Subscription Shares.

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

The Group is principally engaged in the development, sales and leasing of properties.

The Subscription is being undertaken to supplement the Group’s funding of its expansion and growth plan. The Directors consider the Subscription will provide an opportunity to raise capital for the Company whilst broadening the shareholder base and strengthening the capital base and the financial position of the Company.

The gross proceeds from the Subscription are estimated to be approximately HK\$100.0 million and the net proceeds from the Subscription, after deduction of the related expenses, are estimated to be approximately HK\$99.9 million. The Company intends to apply the net proceeds from the Subscription for (i) the funding of the acquisition of a property located in Chongqing, the PRC which had been completed on 28 July 2016; and/or (ii) future investment opportunities.

In view of the above, the Directors consider that the terms of the Subscription Agreement are on normal commercial basis, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The existing shareholding structure of the Company as at the date of this announcement and the effect on the shareholding structure of the Company upon completion of the Subscription (assuming no allotment and issue or repurchase of Shares other than the issue of the Subscription Shares) are set out below:

Shareholders	As at the date of this announcement		Upon completion of the Subscription (assuming no allotment and issue or repurchase of Shares other than the issue of the Subscription Shares)	
	No. of Shares held	Approximate %	No. of Shares held	Approximate %
Mr. Cheng Chung Hing	380,555,108 (Note 1)	19.96	380,555,108 (Note 1)	18.36
Twin Success International Limited (Note 2)	256,038,041	13.43	256,038,041	12.35
Mr. Xu Xinsheng	158,764,000	8.33	158,764,000	7.66
Jin Sheng BoJi (Hong Kong) Limited	158,764,000	8.33	158,764,000	7.66
Mr. Leung Alex (Note 3)	1,800,000	0.09	1,800,000	0.09
The Subscriber	—	—	166,666,666	8.04
Other Public Shareholders	950,250,707	49.86	950,250,707	45.84
Total	<u>1,906,171,856</u>	<u>100.00</u>	<u>2,072,838,522</u>	<u>100.00</u>

Note:

- 368,781,655 Shares out of these Shares were directly owned by Rich Men Limited, which is wholly-owned by Mr. Cheng Chung Hing.
- Twin Success International Limited is (i) 50% owned by Silver Pacific Development Limited, which in turn is owned by Mr. Cheung Kwok Wai, Elton (“**Mr. Cheung Elton**”) and Mr. Cheung Kwok Fan in equal shares, and (ii) 50% owned by Silver Pacific International Limited, which is wholly-owned by Mr. Lei Hong Wai (“**Mr. Lei**”). Mr. Cheung Elton and Mr. Lei are executive Directors of the Company. Mr. Lei is also the Chairman of the Company.
- Mr. Leung Alex is an executive Director of the Company.

EQUITY FUND RAISING ACTIVITY OF THE COMPANY IN THE PAST 12 MONTHS IMMEDIATELY PRECEDING THE DATE OF THIS ANNOUNCEMENT

Save as disclosed below, the Company has not carried out any other fund raising activities during the 12 months immediately preceding the date of this announcement.

Date of announcements	Fund raising activities	Net proceeds raised (approximately)	Proposed use of proceeds	Actual use of proceeds
7 July 2016 and 26 September 2016	Subscription of 317,528,000 new Shares of the Company	HK\$190.4 million	The funding of the acquisition of a property located in Chongqing, the PRC and future investment opportunities	HK\$120 million has been utilised for the partial early redemption of the promissory note as detailed in the Company's announcement on 27 September 2016, while the remaining HK\$70.4 million are unutilized.

WARNING OF THE RISK OF DEALINGS IN THE SHARES

Shareholders and potential investors should note that completion of Subscription is subject to the satisfaction of the conditions precedent in the Subscription Agreement and therefore, the Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise required, the following terms and expressions shall have the following meanings when used herein:

“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day (excluding Saturdays and Sundays and any day on which a tropical cyclone warning signal No. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business
“Company”	Man Sang International Limited, a company incorporated in Bermuda with limited liability whose issued Shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed in the Listing Rules

“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Board pursuant to the resolution passed by the Shareholders at the annual general meeting of the Company held on 15 July 2016 to allot, issue and deal with up to 20% of the then issued shares of the Company (being 1,588,643,856 Shares) as at the date of passing such resolution, which is equivalent to 317,728,771 Shares
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of and not connected with any directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates
“Listing Committee”	the listing committee of the Stock Exchange for considering applications for listing and the granting of listing
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Share(s)”	the ordinary share(s) of HK\$0.1 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	上海鉅躍股權投資基金管理有限公司, a company established in the PRC with limited liability and an Independent Third Party
“Subscription”	the subscription of the Subscription Shares pursuant to the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the Subscription Agreement dated 30 September 2016 entered into between the Company and the Subscriber in relation to the Subscription

“Subscription Price”	HK\$0.60 per Subscription Share
“Subscription Share(s)”	an aggregate of 166,666,666 new Shares to be allotted and issued by the Company to the Subscriber pursuant to the terms and conditions of the Subscription Agreement
“substantial shareholder(s)”	has the meaning ascribed to it in the Listing Rules
“%”	per cent

By Order of the Board
MAN SANG INTERNATIONAL LIMITED
Leung Alex
Executive Director and Company Secretary

Hong Kong, 30 September 2016

As at the date of this announcement, the executive Directors are Mr. Lei Hong Wai (Chairman), Ms. Cheng Ka Man, Carman, Mr. Cheung Kwok Wai, Elton, Mr. Leung Alex and Mr. Yuan Huixia; and the independent non-executive Directors are Mr. Chan Cheong Tat, Mr. Lei Seng Fat and Mr. Wong Tak Chuen.