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衍生集團(國際)控股有限公司

Hin Sang Group (International) Holding Co. Ltd.

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6893)

**MAJOR AND CONNECTED TRANSACTION
FORMATION OF JOINT VENTURE
AND
EXEMPTED CONNECTED TRANSACTION
FINANCIAL ASSISTANCE FROM CONTROLLING
SHAREHOLDER**

JV AGREEMENT

On 27 April 2016 (after trading hours), the Company entered into the JV Agreement with Fullshare for the establishment of the JV Company to engage in the development of mother and child health products, pharmaceutical factory, hospital, medical centre and related services. The issued capital of the JV Company will be HK\$60,000,000 and it will be contributed as to 51% by the Company and 49% by Fullshare.

LISTING RULES IMPLICATIONS

Since Fullshare will become a substantial shareholder holding approximately 23.80% of the Company's shareholding interest as enlarged by the Subscription Shares issued to Fullshare and hence a connected person of the Company upon completion of the Fullshare Subscription Agreement, the formation of the JV Company will constitute a connected transaction of the Company for the purpose of Chapter 14A of the Listing Rules. As the relevant percentage ratios in respect of the capital contribution of the Company in the JV Company together with the Shareholder's Loan exceed 25% but are less than 100%, the formation of the JV Company constitutes a major and connected transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

The Independent Board Committee has been established to advise the Independent Shareholders in relation to the JV Agreement. The Company will appoint independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The EGM will be convened for the Independent Shareholders to consider and, if thought fit, to approve among other things, the JV Agreement and the transactions contemplated thereunder. A circular containing, amongst other things, (i) further information on the JV Agreement; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from the independent financial adviser; and (iv) the notice of EGM, will be despatched to the Shareholders on or about 31 May 2016 as time is required to gather information to prepare the circular.

FINANCIAL ASSISTANCE TO THE JV COMPANY

As part of the transactions contemplated under the JV Agreement, the Controlling Shareholder shall advance the Loan to the JV Company. The Loan from the Controlling Shareholder to the JV Company constitutes financial assistance from a connected person to the Group under Chapter 14A of the Listing Rules but is fully exempt from disclosure, circular, independent financial advice and shareholders' approval requirement under Rule 14A.90 as the Loan is made on normal commercial terms and is not secured by the assets of the Group.

The Shareholders and potential investors should be aware that the JV Agreement and the transactions contemplated thereunder are subject to the fulfilment of the respective conditions precedent, and therefore the proposed transaction may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

THE JV AGREEMENT

Date: 27 April 2016

Parties: (1) the Company
(2) Fullshare

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, Fullshare and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

Upon completion of the Fullshare Subscription Agreement, Fullshare will become a substantial shareholder of the Company holding approximately 23.80% of the Company's shareholding interest as enlarged by the Subscription Shares issued to Fullshare and hence a connected person of the Company.

Conditions precedent: The JV Agreement will take effect upon satisfaction of the following conditions precedent:–

- (i) all necessary approvals and consents to the execution of the JV Agreement and the performance of the transactions hereby contemplated being obtained;
- (ii) the transactions contemplated under the Subscription Agreements having been completed; and

(iii) the Company having obtained approval from the Shareholders and having complied with the relevant requirements under the Listing Rules in relation to the JV Agreement and the transactions contemplated hereunder.

Scope of business: development of mother and child health products, pharmaceutical factory, hospital, medical centre and related services.

Subscription of JV Shares

- (1) the Company shall subscribe for 306,000,000 JV Shares for HK\$30,600,000 in cash, representing 51% of the total issued share capital of the JV Company
- (2) Fullshare shall subscribe for 294,000,000 JV Shares for HK\$29,400,000 in cash, representing 49% of the total issued share capital of the JV Company

Funding commitment of the Company

- (1) the Company shall provide the Shareholder's Loan of not less than HK\$69,400,000 to the JV Company. The Shareholder's Loan shall be advanced on a date to be determined by the JV Board which shall bear interest of 2% per annum for a term of 3 years, repayable on demand at such time as the JV Board shall determine;
- (2) the Company shall procure the provision of the Loan of not less than HK\$58,280,000 to the JV Company by the Controlling Shareholder. The Loan shall be advanced on a date to be determined by the JV Board which shall bear interest of 2% per annum for a term of 3 years, repayable on demand at such time as the JV Board shall determine.

The capital contributions and the funding commitment are determined after arm's length negotiation of the parties and with reference to the initial funding needs of the JV Company and the agreed share of each party in the total amount of issued capital of the JV Company.

The capital contribution and the funding commitment on the part of the Company shall be satisfied by the cash proceeds from the subscriptions pursuant to the Subscription Agreements and internal resources.

Board composition: The JV Board will consist of 5 directors, 3 of which shall be nominated by the Company and Fullshare shall nominate 2 directors.

Dividend: the JV Shareholders shall procure that for each financial year, the distributable profits of each member of the JV Group other than the JV Company are distributed up to the JV Company by way of dividend and that the JV Company distributes by way of dividend not less than 25% of the profits of the JV Company available for distribution after appropriation of prudent and proper reserves including allowance for future working capital and provision for tax.

Transfer of JV Shares: Subject to the terms and conditions of the JV Agreement, no transfer of any JV Shares shall be made by either JV Shareholder within a period of three years from the date of the JV Agreement and no transfer shall be made thereafter unless the provisions contained in the Articles of Associations are complied with. No JV Shareholder shall otherwise sell, mortgage, charge, or otherwise dispose of or encumber the whole or any part of its shareholding or assign or otherwise purport to deal with the beneficial interest therein or any right in relation thereto separate from the legal interest.

REASONS AND BENEFITS OF THE FORMATION OF JV COMPANY

Fullshare is principally engaged in the property development, provision of green building services and investment. As disclosed in the management discussion and analysis in the Fullshare's annual report for the year ended 31 December 2015, the Fullshare Group will expedite the development in healthcare industry.

The Group is principally engaged in developing, marketing, selling and distributing a wide variety of personal care products, health care products and household products under various brands. In particular, the Group has a comprehensive portfolio of quality health supplement products under “Hin Sang” brand, a leading brand in children’s health supplement in Hong Kong.

The Group is cooperating with the Fullshare Group and Singapore Chinese Physicians’ Association to carry out a traditional Chinese physical alliance plan, and is in discussion with the Fullshare Group relating to the feasibility to establish flagship clinic to provide traditional Chinese medical services for mothers and children in Hong Kong.

The Group will cooperate with Fullshare to expand the business of mother-infant Chinese medical healthcare as well as diagnosis and treatment services in mainland China, Hong Kong, Southeast Asia and Australia in the future, in particular by leveraging on the “two-child” policy in the mainland China to expand the huge market in mother-infant healthcare there.

The Directors believe that the JV Company can leverage on the financial resources, experience and connections of the JV Shareholders to develop its business in the healthcare industry which will further diversify and broaden the scope of the healthcare business of the Group.

The Directors (excluding the independent non-executive Directors whose views will be provided after taking into account the advice of the independent financial adviser) consider that the terms of the JV Agreement are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

To the best of the Directors’ knowledge, information and belief, no Director had a material interest in the transaction contemplated under the JV Agreement and thus was required to abstain from voting at the Board meeting for considering and approving the JV Agreement.

LISTING RULES IMPLICATIONS

Since Fullshare will become a substantial shareholder holding approximately 23.80% of the Company’s shareholding interest as enlarged by the Subscription Shares issued to Fullshare and hence a connected person of the Company upon completion of the Fullshare Subscription Agreement, the formation of the JV Company will constitute a connected transaction of the Company for the purpose of Chapter 14A of the Listing Rules. As the relevant percentage ratios in respect of the capital contribution of the Company in the JV Company together with the Shareholder’s Loan exceed 25% but are less than 100%, the JV Agreement and the transactions contemplated thereunder constitutes a major and connected transaction for the Company under Chapter 14 and 14A of the Listing Rules and is subject to the reporting, announcement and Independent Shareholders’ approval requirements under the Listing Rules.

THE EGM

The EGM will be convened for the Independent Shareholders to consider and, if thought fit, to approve among other things, the JV Agreement and the transactions contemplated thereunder. A circular containing, amongst other things, (i) further information on the JV Agreement; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from the independent financial adviser; and (iv) the notice of EGM, will be despatched to the Shareholders on or about 31 May 2016 as time is required to gather information to prepare the circular.

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The Shareholders and potential investors should be aware that the JV Agreement and the transactions contemplated thereunder are subject to the fulfilment of the respective conditions precedent, and therefore the proposed transaction may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

Unless the context otherwise requires, the following terms in this announcement shall have the meanings set out below:–

“Board”	means the board of Directors
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Controlling Shareholder”	means Genwealth Group Holding Company Limited, being the controlling shareholder of the Company and as at the date of this announcement holding 600,000,000 Shares, representing approximately 74.96% of the total number of issued Shares
“Director(s)”	means the director(s) of the Company
“EGM”	means the extraordinary general meeting of the Shareholders to be convened to consider, and if thought fit, approve the JV Agreement and the transactions contemplated thereunder
“Fullshare”	means Fullshare Holdings Limited 豐盛控股有限公司, a company incorporated in the Cayman Islands with limited liability whose issued Shares are listed on the Stock Exchange (stock code: 607)
“Fullshare Group”	means Fullshare and its subsidiaries
“Fullshare Subscription Agreement”	means the share subscription agreement entered into by the Company with Fullshare on 27 April 2016 in relation to the subscription of 250,000,000 new Shares by Fullshare
“Group”	means the Company and its subsidiaries

“Hong Kong”	means Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	means Hong Kong dollar, the lawful currency of Hong Kong
“Independent Board Committee”	the independent board committee of the Board comprising all the independent non-executive Directors, namely Mr. Lee Luk Shiu, Dr. Tang Sing Hing, Kenny and Mr. Tsui Nam Hung, established to advise the Independent Shareholders in respect of the JV Agreement
“Independent Shareholders”	means all Shareholders other than the Controlling Shareholder and, if any, any other Shareholder with a material interest in the transactions contemplated under the JV Agreement
“Independent Third Party(ies)”	means third parties who are not connected persons of the Company and are independent of and not connected with the Company and its connected persons
“JV Agreement”	means the joint venture agreement dated 27 April 2016 entered into between the Company and Fullshare
“JV Board”	means the board of directors of the JV Company
“JV Company”	means the new company to be established pursuant to the JV Agreement
“JV Group”	means the JV Company and its subsidiaries
“JV Shareholders”	means the shareholders of the JV Company, being the Company and Fullshare

“JV Shares”	means the share(s) of the JV Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	means the loan in the amount of not less than HK\$58,280,000 to be advanced to the JV Company by the Controlling Shareholder
“percentage ratio”	has the meaning ascribed to it under Rule 14.07 of the Listing Rules
“PRC”	the People’s Republic of China, and for the purposes of this announcement excluding Hong Kong, the Macau Special Administrative Region, and Taiwan
“Share(s)”	share(s) of nominal value HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Shareholder’s Loan”	means the loan in the amount of not less than HK\$69,400,000 to be advanced to the JV Company by the Company
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“Subscription Agreements”	means Fullshare Subscription Agreement and Zall Capital Subscription Agreement
“Zall Capital Subscription Agreement”	means the share subscription agreement entered into by the Company with Zall Capital Limited on 27 April 2016 in relation to the subscription of 30,000,000 new Shares by Zall Capital Limited

“Zall Subscription Agreement” means Zall Subscription Agreement entered into by the Company and Zall Capital Limited on 27 April 2016 in relation to the subscription of 30,000,000 new Shares by Zall Capital Limited

“%” means per cent

By order of the Board of
Hin Sang Group (International) Holding Co. Ltd.
Pang Siu Hin
Chairman

Hong Kong, 27 April 2016

As at the date of this announcement, the executive directors are Mr. Pang Siu Hin and Ms. Kwan Lai Man, the non-executive director is Ms. Wong Wai Ling, and the independent non-executive directors are Mr. Lee Luk Shiu, Dr. Tang Sing Hing, Kenny and Mr. Tsui Nam Hung.