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恒安國際集團有限公司*

HENGAN INTERNATIONAL GROUP COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1044)

Websites: <http://www.hengan.com>

<http://www.irasia.com/listco/hk/hengan>

VOLUNTARY ANNOUNCEMENT

INITIAL INVESTMENT AGREEMENT AND SHAREHOLDERS' AGREEMENT IN RESPECT OF FINNPULP OY

The Board is pleased to announce that on 23 April 2018 (after trading hours), Hengan Luxembourg (an indirect wholly-owned subsidiary of the Company) has entered into the Initial Investment Agreement with Finnpulp and its existing shareholders to subscribe for the Subscription Shares of Finnpulp, representing approximately 36.46% of the enlarged total issued share capital of Finnpulp upon completion of the transactions contemplated under the Initial Investment Agreement. The consideration payable under the Initial Investment Agreement is EUR11,666,666 (equivalent to approximately RMB90,416,662).

In connection with the Subscription, Hengan Luxembourg has also entered into the Shareholders' Agreement with Finnpulp and its existing shareholders on 23 April 2018 (after trading hours) to govern the parties' rights and obligations in respect of their shareholding in Finnpulp.

Finnpulp is currently engaged in planning and aiming to build a large-scale bioproduct mill in Kuopio, Finland. The Board believes that the entering into the transactions contemplated by the Initial Investment Agreement and the Shareholders' Agreement will allow the Group to expand its business to the upstream pulp manufacturing industry to stabilize the supply of wood pulp in the future, and therefore enhance the Group's long term development.

To the best of the knowledge, information and belief of the directors of the Company having made all reasonable enquires, Finnpulp and its existing shareholders are not connected persons of the Company and are independent third parties not connected with the Company and its connected persons. Based on the terms of the Initial Investment Agreement and the Shareholders' Agreement, as none of the applicable percentage ratios exceed 5%, the Subscription, the Guarantee and the entering into of the Shareholders' Agreement do not constitute notifiable transactions for the Company under the Listing Rules.

* For identification purposes only

INITIAL INVESTMENT AGREEMENT

The board of directors (the “**Board**”) of Hengan International Group Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce that on 23 April 2018 (after trading hours), Hengan (Luxembourg) Investments Company Limited (“**Hengan Luxembourg**”) (an indirect wholly-owned subsidiary of the Company) has entered into an initial investment agreement (the “**Initial Investment Agreement**”) with Finnulp Oy (“**Finnulp**”, a company incorporated in Finland with limited liability) and its existing shareholders to subscribe for 5,833,333 new shares (the “**Subscription Shares**”) of Finnulp at EUR2.00 per share (equivalent to approximately RMB15.50 per share) (the “**Subscription**”). Under the Initial Investment Agreement, two of the existing shareholders of Finnulp will also simultaneously subscribe for 1,666,667 new shares of Finnulp at the same subscription price.

The consideration payable under the Initial Investment Agreement is EUR11,666,666 (equivalent to approximately RMB90,416,662). The Subscription Shares represent approximately 36.46% of the enlarged total issued share capital of Finnulp upon completion of the transactions contemplated under the Initial Investment Agreement. The Company has agreed to provide a parent company guarantee in favour of Finnulp and its existing shareholders for Hengan Luxembourg in respect of its obligations under the Initial Investment Agreement (the “**Guarantee**”).

Finnulp is currently engaged in planning and aiming to build a large-scale bioproduct mill in Kuopio, Finland. The target of the planned mill is to produce approximately 1,200,000 tonnes of northern bleached softwood sulphate kraft pulp (“**NBSKP**”) per year for global markets (the “**Pulp Mill Project**”) and other bioproducts. The total estimated costs for the Pulp Mill Project is expected to be approximately EUR1.4 billion, in which approximately 40% of the costs is expected to be financed by equity and the remaining portion of 60% is expected to be financed by debt.

The next phases of the Pulp Mill Project are (i) the pre-engineering phase including the searching for the financing of the building phase as well as engineering planning which is expected to start in 2018 (the “**Pre-Engineering Phase**”) and (ii) the building phase which is expected to be in 2019-2021 (the “**Building Phase**”). The Subscription Shares are issued as part of the Pre-Engineering Phase.

Hengan Luxembourg will have the right but not the obligation to subscribe for additional new shares or acquire existing shares of Finnulp at the Building Phase to eventually hold a total of 40–49% of Finnulp. As such possible additional subscription or acquisition is subject to further negotiation between the parties in good faith, further announcements will be made, where appropriate, if and when Hengan Luxembourg make additional investments in Finnulp in compliance with the requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Provided that the Pulp Mill Project is completed and the pulp mill goes into operation, Hengan Luxembourg shall have the right to purchase from Finnulp a percentage of all NBSKP produced by Finnulp that corresponds to the Hengan Luxembourg’s shareholding in Finnulp at the time of purchase, and Finnulp undertakes to supply and sell to the Hengan Luxembourg such amount, for 20 years after the Pulp Mill Project has been completed.

SHAREHOLDERS' AGREEMENT

In connection with the Subscription, Hengan Luxembourg has also entered into a shareholders' agreement (the "**Shareholders' Agreement**") with Finnulp and its existing shareholders on 23 April 2018 (after trading hours) to govern the parties' rights and obligations in respect of their shareholding in Finnulp, such as:

- (a) Hengan Luxembourg's right to nominate three out of nine directors of Finnulp's board of directors upon completion of the Subscription. At the Building Phase and upon Hengan Luxembourg's subscription of additional new shares of Finnulp, its board nomination right shall increase proportionally with its percentage shareholding in Finnulp;
- (b) prohibition on transfers of shares of Finnulp except for certain transfers which are permitted under the Shareholders' Agreement or where 80% of the shareholders of Finnulp authorise such transfers;
- (c) certain reserved matters which require the consent of 80% of the members of the board of directors of Finnulp, for example, for the raising of debt and borrowings, settlement of major legal or arbitral proceedings and the entering into, renewal or termination of material related party transactions;
- (d) customary tag-along and drag-along rights as well as a right of first refusal;
- (e) anti-dilution protection in the event that Finnulp issues additional shares at the Building Phase or in an initial public offering; and
- (f) subject to exceptions set out in the Shareholders' Agreement, non-competition undertaking regarding certain restrictions on engaging in projects materially similar to the Pulp Mill Project in Finland given by all shareholders of Finnulp (including Hengan Luxembourg) which shall be in force until two years after the relevant party ceases to be a party of the Shareholders' Agreement.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Group is principally engaged in the manufacturing, distribution and sale of personal hygiene products, mainly in the People's Republic of China.

The Board believes that the entering into the transactions contemplated by the Initial Investment Agreement and the Shareholders' Agreement will allow the Group to expand its business to the upstream pulp and bioproduct manufacturing industry to stabilize the supply of wood pulp in the future, and therefore enhance the Group's long term development.

Accordingly, the Board is of the view that the entering into of the Initial Investment Agreement and the Shareholders' Agreement and the transactions contemplated thereunder are in the interests of the Group and the shareholders of the Company as a whole.

GENERAL INFORMATION

To the best of the knowledge, information and belief of the directors of the Company having made all reasonable enquires, Finnpulp and its existing shareholders are not connected persons of the Company and are independent third parties not connected with the Company and its connected persons. Based on the terms of the Initial Investment Agreement and the Shareholders' Agreement, as none of the applicable percentage ratios exceed 5%, the Subscription, the Guarantee and the entering into of the Shareholders' Agreement do not constitute notifiable transactions for the Company under the Listing Rules.

Note: The exchange rate adopted in this announcement for illustration purposes only is EUR1.00 = RMB7.75. Such conversions are for reference only and should not be construed as representations that the Euro amount could be converted into Renminbi at that or any other rate.

By order of the Board
Hengan International Group Company Limited
Sze Man Bok
Chairman

Hong Kong, 23 April 2018

As at the date of this announcement, the Board comprises Mr. Sze Man Bok, Mr. Hui Lin Chit, Mr. Hung Ching Shan, Mr. Xu Shui Shen, Mr. Xu Da Zuo, Mr. Xu Chun Man, Mr. Sze Wong Kim, Mr. Hui Ching Chi and Mr. Li Wai Leung as executive directors, and Mr. Chan Henry, Mr. Wang Ming Fu, Ms. Ada Ying Kay Wong, Mr. Ho Kwai Ching Mark and Mr. Zhou Fang Sheng as independent non-executive directors.