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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)

DISCLOSEABLE AND CONNECTED TRANSACTION – ACQUISITION OF PROPERTIES

THE ACQUISITION

The Board is pleased to announce that on 10 December 2015 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company and the Vendors entered into the Memorandum, pursuant to which, the Vendors has conditionally agreed to sell and the Company has conditionally agreed to acquire the Properties at a total consideration of HK\$18,800,000.

IMPLICATIONS OF THE LISTING RULES

Mr. Pang Siu Hin and his spouse Ms. Kwan Lai Man being the Vendors are the controlling Shareholders of the Company and both are executive Directors, accordingly the Vendors are connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

On 1 June 2015, the Vendors entered into the Tai Wo Acquisition Agreement with a wholly-owned subsidiary of the Company relating to the Tai Wo Acquisition, details of which are set out in the announcement of the Company dated 1 June 2015. Pursuant to Rule 14A.81 of the Listing Rules, the transactions contemplated under the Tai Wo Acquisition and the Acquisition have been aggregated. As the applicable percentage ratios (as defined in the Listing Rules) are, in aggregate, more than 5% but less than 25%, the transactions contemplated under the Memorandum are therefore subject to the reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

The Independent Board Committee, comprising all independent non-executive Directors, has been established to advise the Independent Shareholders on the fairness and reasonableness of the terms of the Memorandum and on how to vote on the resolution(s) to be proposed at the EGM taking into account the recommendation of the independent financial adviser. Chanceton Capital Partners Limited has been appointed as the independent financial adviser to make recommendations to the Independent Board Committee and the Independent Shareholders in respect of the same.

A circular containing, among other things, (i) details of the Acquisition; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Acquisition; (iii) a letter from Chanceton Capital Partners Limited containing their advice to the Independent Board Committee and the Independent Shareholders on the terms of the Memorandum; (iv) the valuation report of the Properties; (v) the notice convening the EGM and a form of proxy; and (vi) other information as required under the Listing Rules, will be despatched to the Shareholders on or before 30 December 2015.

Completion is subject to the fulfillment of certain conditions precedent set out in the Memorandum and therefore may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

INTRODUCTION

The Company and the Vendors entered into the Memorandum on 10 December 2015 (after trading hours), pursuant to which, the Vendors has conditionally agreed to sell and the Company has conditionally agreed to acquire the Properties at a total consideration of HK\$18,800,000.

THE MEMORANDUM

Date of Memorandum:

10 December 2015 (after trading hours)

Purchaser: Tai Wo Tong Pharmaceutical (Hong Kong) Company Limited, a company incorporated in Hong Kong, an indirect wholly owned subsidiary of the Company

Vendors: Mr. Pang Siu Hin, the chairman of the Company, an executive Director and Ms. Kwan Lai Man, an executive Director. Mr. Pang Siu Hin and Ms. Kwan Lai Man are controlling Shareholders of the Company.

Assets to be acquired:

Pursuant to the Memorandum, the Vendors has conditionally agreed to sell and the Company has conditionally agreed to acquire the Properties. Details of the Properties are disclosed in the section head “Information of the Properties” below:

The Properties were originally acquired by the Vendors on 20th May 2009 at an acquisition cost of approximately HK\$2,410,000.

The Consideration:

Pursuant to the Memorandum, the Consideration of HK\$18,800,000 shall be settle in cash.

The Consideration shall be paid by the Purchaser to the Vendors upon completion for acquisition of the Properties on or before 29 January 2016 (or such other date as the parties hereto may agree in writing).

Source of funding:

The Company will fund the Acquisition by internal resources of the Group.

Basis of the Consideration:

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendors by reference to, among others, the prevailing market price of properties similar to the Properties of the nearby areas and the valuation of the Properties of HK\$20,000,000 as at 1 December 2015 carried out by an independent valuer.

Conditions of the Memorandum:

The completion of the Acquisition is conditional on:

- i) All necessary consents, approvals and exemptions required to be obtained on the part of the Purchaser in respect of the Acquisition having been obtained (if any); and,
- ii) The Independent Shareholders having approved the ordinary resolution(s) to approve the Memorandum and the transactions contemplated thereunder at an EGM.

If the conditions above have not been fulfilled by the Purchaser on or before 29 January 2016 or such other date as the Vendors and the Purchaser may agree in writing, the Memorandum shall terminate save whereupon the parties shall have no further claims against each other under the Memorandum save for accrued rights.

Completion:

Completion of the Acquisition shall take place on or before 29 January 2016 after all conditions precedent of the above have been satisfied or waived by the Purchaser (or such other time and date as the parties to the Memorandum may agree in writing).

INFORMATION OF THE PROPERTIES

The Properties are situated at Wang Yip Centre, No. 18 Wang Yip Street East, Yuen Long, New Territories, Hong Kong. The Properties comprise 3 contiguous workshop units on 7th Floor (Unit C, D and E) within a 9-storey industrial building completed in 1992. The total gross floor area and saleable floor area of the Properties are 4,504 square feet and 3,239 square feet respectively. The Properties are currently leased to the Purchaser and such lease arrangements will be expire on 31 May 2017.

REASONS FOR THE ACQUISITION

The Group is principally engaged in developing, marketing, selling and distributing a wide variety of personal care products (mainly consisting of bath and shower gels, shampoos, conditioners, and skin care products), health care products (mainly consisting of health supplements including but not limited to child specific milk supplements, dietary supplements, appetising teas, nutritive drinks, cough and cold remedies, herbal teas and medicated oils) and household products (mainly consisting of laundry detergents and antiseptic germicides) under various brands.

Since June 2015, the Purchaser has been leasing the Properties as its principal place of business from the Vendors. As disclosed in the announcement of the Company dated 1 June 2015, the Vendors and the Purchaser entered into the leasing agreement on 1 June 2015, pursuant to which the Vendors agreed to let the Properties to the Purchaser as principal place of business for a term of two years from 1 June 2015 to 31 May 2017 at a total rent of HK\$936,000 exclusive of utilities charges and other outgoings. The transaction contemplated thereunder constituted exempted continuing connected transaction for the Company under the Listing Rules and was exempted from the reporting, announcement and independent shareholders' approval requirement under Chapter 14A of the Listing Rules, as the applicable percentage ratios of the transaction calculated on an annual basis are more than 0.1% but less than 5% and the annual consideration is less than HK\$1,000,000.

The Board consider that the Acquisition represents a good opportunity for the Group to purchase the Properties as the permanent business place of the Purchaser, taking into account the Properties has been used by the Purchaser since 20th May 2009 and represents a constant and established business place of the Purchaser. Further, by entering into the Memorandum, the Company is able to save future rental cost and avoid the adverse effect to its operation in the event of termination of the tenancy. The Company believes that it is of long term benefit to the Company's development to acquire the Properties to broaden the fixed asset base of the Group and provide capital appreciation to the Group.

The Directors consider that the terms of the Acquisition are fair and reasonable in the current property market conditions, and are in the interests of the Group and the Shareholders as a whole. Mr. Pang Siu Hin and Ms. Kwan Lai Man, being the Vendors of the Acquisition, were considered as having material interest in the Memorandum and the Acquisition and had abstained from voting on the board resolution of the Company approving the Acquisition.

Following the entering into the Memorandum, the Vendors and the Purchaser agreed to terminate the existing leasing agreement dated 1 June 2015 upon completion of the Acquisition.

LISTING RULES IMPLICATION

Mr. Pang Siu Hin and his spouse Ms. Kwan Lai Man being the Vendors are the controlling Shareholders of the Company and both are executive Directors, accordingly the Vendors are connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

On 1 June 2015, the Vendors entered into the Tai Wo Acquisition Agreement with a wholly-owned subsidiary of the Company relating to the Tai Wo Acquisition, details of which are set out in the announcement of the Company dated 1 June 2015. Pursuant to Rule 14A.81 of the Listing Rules, the transactions contemplated under the Tai Wo Acquisition and the Acquisition have been aggregated. As the applicable percentage ratios (as defined in the Listing Rules) are, in aggregate, more than 5% but less than 25%, the transactions contemplated under the Memorandum are therefore subject to the reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The voting in respect of the Acquisition at the EGM will be conducted by way of a poll. Mr. Pang Siu Hin and Ms. Kwan Lai Man, the Vendors and their respective associates are required to abstain from voting in respect of the resolution(s) approving the Memorandum and the transactions contemplated thereunder at the EGM. As at the date of this announcement, Genwealth Group Holding Company Limited hold 600,000,000 shares, representing approximately 75% of the issued share capital of the Company. Genwealth Group Holding Company Limited beneficially owned as to 90% by Mr. Pang Siu Hin and 10% by Ms. Kwan Lai Man. Accordingly, Mr. Pang Siu Hin is deemed to be interested in the 600,000,000 Shares held by Genwealth Group Holding Company Limited under the SFO. Ms. Kwan Lai Man, being the spouse of Mr. Pang Siu Hin, is deemed to be interested in all the Shares that Mr. Pang Siu Hin is interested in. Save for the aforesaid and to the best knowledge of the Company, as at the date of this announcement, no other Shareholder has material interest in the Acquisition and therefore no other Shareholder is required to abstain from voting on the proposed resolution(s) approving the Memorandum and the transactions contemplated thereunder at the EGM.

DESPATCH OF CIRCULAR

A circular containing, among other things, (i) details of the Acquisition; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Acquisition; (iii) a letter from Chanceton Capital Partners Limited containing their advice to the Independent Board Committee and the Independent Shareholders on the terms of the Memorandum; (iv) the valuation report of the Properties; (v) the notice convening the EGM and a form of proxy; and (vi) other information as required under the Listing Rules, will be despatched to the Shareholders on or before 30 December 2015.

Completion is subject to the fulfillment of certain conditions precedent set out in the Memorandum and therefore may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the meanings set out below:

“Acquisition”	the acquisition of the Properties by the Purchaser from the Vendors pursuant to the Memorandum
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Hin Sang Group (International) Holdings Co. Ltd, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	The consideration of HK\$18,800,000 for the Acquisition
“Director(s)”	the director(s) of the Company
“EGM”	An extraordinary general meeting of the Company to be held for the Shareholders to consider and, if thought fit, approve the Memorandum and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“HK\$”	The lawful currency for the time being of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC

“Independent Board Committee”	The independent board committee of the Company, comprising all the independent non-executive Directors, namely Mr. Lee Luk Shiu, Dr. Tang Sing Hing, Kenny and Mr. Tsui Nam Hung, formed to advise the Independent Shareholders as to the Acquisition and the transaction contemplated thereunder
“Independent Shareholders”	Shareholders other than Genwealth Group Holding Company Limited, Mr. Pang Siu Hin, Ms. Kwan Lai Man and their respective associates
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum”	The memorandum for sale and purchase dated 10 December 2015 between the Vendors and the Purchaser in relation to the sale and purchaser of the Properties
“Properties”	The premises situated at 7th Floor (Unit C, D and E), Wang Yip Centre, No. 18 Wang Yip Street East, Yuen Long, New Territories, Hong Kong
“Purchaser”	Tai Wo Tong Pharmaceutical (Hong Kong) Company Limited, a company incorporated in Hong Kong, an indirect wholly owned subsidiary of the Company
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Tai Wo Acquisition”	the acquisition of the entire equity interest of Tai Wo Tong Pharmaceutical (Hong Kong) Company Limited by a wholly-owned subsidiary of the Company pursuant to the Tai Wo Acquisition Agreement and was completed on 19 June 2015
“Tai Wo Acquisition Agreement”	the agreement entered into between the a wholly-owned subsidiary of the Company and the Vendors on 1 June 2015 in relation to the Tai Wo Acquisition
“Vendors”	Mr. Pang Siu Hin and Ms. Kwan Lai Man
“%”	percentage

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

Hong Kong, 10 December 2015

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